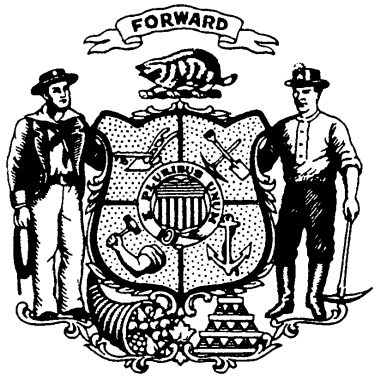
WISCONSIN

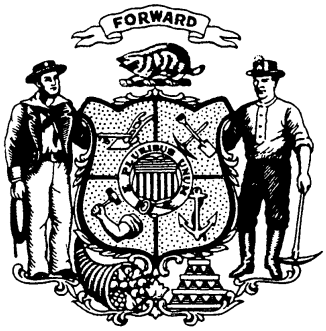
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 1997

STATE OF
WISCONSIN

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 1997

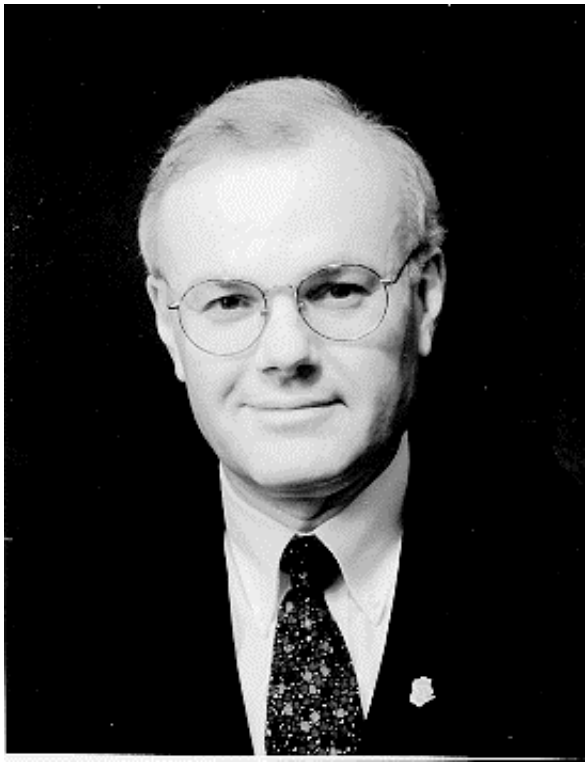
Tommy G. Thompson, Governor

Department of Administration
Mark D. Bugher, Secretary
William J. Raftery, State Controller

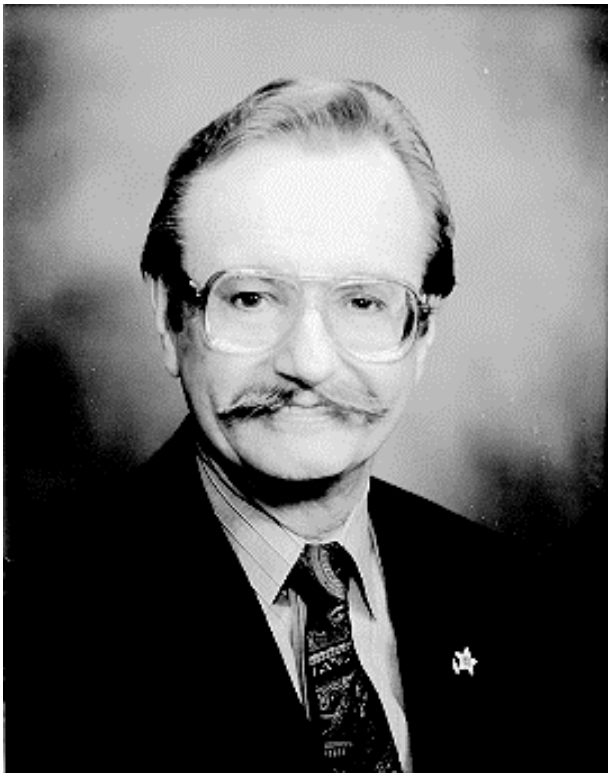
Prepared by the State Controller's Office

This document is available on the Department of Administration homepage on the World Wide Web: http://www.doa.state.wi.us

DOA-6082P (R12/97)



Mark D. Bugher, Secretary
Department of Administration



William J. Raftery, CPA
State Controller

Tommy G. Thompson
Governor

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1997

Table of Contents

Page

INTRODUCTORY SECTION

Letter of Transmittal 2
GFOA Certificate of Achievement 12
Organizational Chart 13
Principal State Officials 14

FINANCIAL SECTION

Auditor's Report 16
General Purpose Financial Statements:
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units 18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types And Expendable Trust Funds 22
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds 24
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units 25
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units 27
Statement of Changes in Plan Net Assets - Pension Trust Funds 30
Combined Statement of Current Funds Revenues, Expenditures, and Other Changes - University of Wisconsin System 31
Combined Statement of Changes in Fund Balances - University of Wisconsin System 32
Notes to the Financial Statements Index 34
Notes to the Financial Statements 36

Combining Statements and Schedules:

Special Revenue Funds:
Combining Balance Sheet 100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Special Revenue Funds 104

Debt Service Funds:
Combining Balance Sheet 110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 111

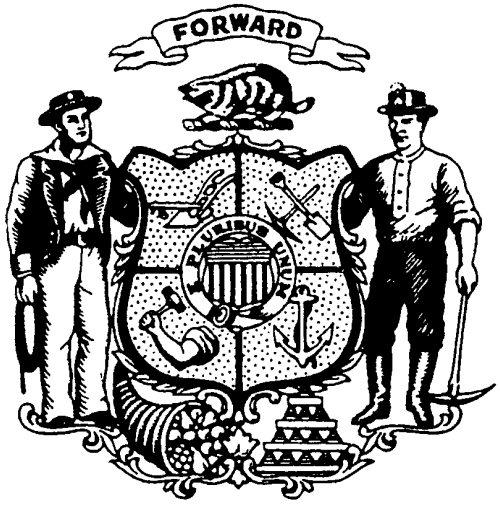
Capital Projects Funds:
Combining Balance Sheet 114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 115

Enterprise Funds:
Combining Balance Sheet 120
Combining Statement of Revenues, Expenses and Changes in Retained Earnings 124
Combining Statement of Cash Flows 128

Internal Service Funds:
Combining Balance Sheet 138
Combining Statement of Revenues, Expenses and Changes in Retained Earnings 140
Combining Statement of Cash Flows 142

Trust and Agency Funds:
Combining Balance Sheet 149
Expendable Trust Funds:
Combining Balance Sheet 150
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 152

	Page
Nonexpendable Trust Funds:	
Combining Balance Sheet	154
Combining Statement of Revenues, Expenses and Changes in Fund Balances	155
Combining Statement of Cash Flows	156
Pension Trust:	
Statement of Plan Net Assets	157
Agency Funds:	
Combining Balance Sheet	158
Combining Statement of Changes in Assets and Liabilities	159
General Fixed Assets Account Group:	
Schedule of General Fixed Assets by Function	164
Schedule of Changes in General Fixed Assets by Function	164
University of Wisconsin System:	
Combining Balance Sheet - University of Wisconsin System	166
Component Units:	
Combining Balance Sheet - Component Units	170
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Component Units	171
Combining Statement of Cash Flows - Component Units	172
STATISTICAL SECTION:	
Revenues by Source and Expenditures by Function - All Governmental Fund Types	176
Assessed and Equalized Value of Taxable Property	178
State Forestation Tax	178
Legal Debt Margin	179
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	180
Ratio of Annual Debt Service for General Bonded Debt to Total Governmental Expenditures	181
Department of Transportation Revenue Bond Coverage	182
Higher Education Revenue Bonds - Health Education Assistance Loans	182
Wisconsin Housing and Economic Development Authority Revenue Bonds - Home Ownership Revenue Bonds	183
Wisconsin Housing and Economic Development Authority Revenue Bonds - Housing Revenue Bonds	183
Wisconsin Housing and Economic Development Authority Revenue Bonds - Housing Rehabilitation and Home Improvement Revenue Bonds	184
Wisconsin Housing and Economic Development Authority Revenue Bonds - Business Development Revenue Bonds	184
Clean Water Fund Bonds	185
Local Government Property Insurance Fund Ten-Year Claims Development Information	186
Health Insurance Risk Pool Seven-Year Claims Development Information	188
Income Continuation Risk Pool Seven-Year Claims Development Information	189
Duty Disability Risk Pool Seven-Year Claims Development Information	190
Long Term Disability Risk Pool Five-Year Claims Development Information	191
Bank Deposits	192
Unemployment Data	192
Personal Income	193
Disposable Personal Income	193
Kindergarten through Grade 12 Enrollment Statistics	194
State of Wisconsin's Largest Employers	195
Employment Trends in Wisconsin	196
Estimated Production Workers in Manufacturing - Hours and Earnings Annual Average	196
Estimated Employes in Wisconsin on Nonagricultural Payrolls	197
Total New Housing Units Authorized in Permit-Issuing Places	197
How Wisconsin Ranks Among the States in Agriculture	198
Miscellaneous Data	199
Acknowledgments	200


FORWARD

INTRODUCTORY SECTION

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7844
Madison, WI 53707-7844

December 19, 1997

The Honorable Tommy G. Thompson
The Honorable Members of the Legislature
Citizens of the State of Wisconsin

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Wisconsin for the fiscal year ended June 30, 1997. This report is prepared by the Department of Administration, Division of Executive Budget and Finance, State Controller's Office, which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the State.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). To report the State's financial activity, the State's budgetary funds are grouped into the fund types required by GAAP. The State's 49 budgetary funds are expanded and have been displayed into the 89 individual GAAP funds, the University of Wisconsin System, and three discrete component units. The major change has been to reclassify certain activities from the budgetary General Fund and present them in proprietary and fiduciary fund types more appropriate for the financial reporting of transactions related to commercial and trust activities. Note 1-C to the financial statements includes a more detailed discussion of the generic GAAP fund types.

Wisconsin's 1997 Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section, which provides information on the general contents of the report, contains this letter of transmittal, a list of State officials and an organizational chart of State government. The Financial Section is composed of the auditor's report, the general purpose financial statements and the combining financial statements. The Statistical Section provides various financial, economic and demographic data about the State, generally on a multi-year basis.

The financial statements present information on the financial position and operations of State government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the State that constitute the State reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds and account groups of the primary government (the State of Wisconsin), as well as its component units which are legally separate organizations for which the State is financially accountable. Discretely presented component units include the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority. Blended component units, which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State, include the Wisconsin Public Broadcasting Foundation, Inc. In addition, the University of Wisconsin System continues to be included in this report presented in conformity with applicable generally accepted accounting principles.

The State provides a full range of services which include education, health and social services, transportation, law, justice, public safety, recreation and resources development, public improvements and general administrative services. The costs associated with these services are presented within the financial statements in detail and summary form.

ECONOMIC CONDITION AND OUTLOOK

Wisconsin's economy remains vibrant. A strong 1996 has been followed by a stronger 1997.

- Unemployment fell to 3.5 percent for 1996, its lowest rate since 1969. As of October 1997 the rate is 3.4 percent, far below the national average of 4.7 percent.
- Manufacturing jobs rose in 1996 to 601,200. In August of 1997, total manufacturing employment reached an all-time high of 616,400.
- Construction employment increased to 105,100 in 1996, over 6.2 percent higher than 1995. Construction employment continues to rise in 1997, reaching 119,000 in October.
- Total non-farm employment in 1996 also set a new record at 2,601,600. In 1997, total non-farm employment should set another record of 2,648,900.
- Personal income increased 5 percent in 1996 and is expected to increase by 5.3 percent in 1997.
- The State's exports set a fifth annual record high in 1996, reaching $10.6 billion. Between 1987 and 1996, the State's exports have almost tripled.

Wisconsin's economy has consistently outperformed the nation's in recent years.

- Since 1987, Wisconsin's unemployment rate has been below the national rate.
- The Bureau of Economic Analysis projects Wisconsin's real growth will exceed the national average through the year 2005.
- The State's population growth has been among the highest for Midwest states as people relocate to Wisconsin. Since 1990, the State's population has grown by 6.1 percent.
- Over the last ten years, the average annual growth rate of per capita personal income in Wisconsin has been 5.0 percent, slightly ahead of the national average.
- Wisconsin has a high rate of health insurance coverage. At 92.1 percent of population, Wisconsin leads the country in health coverage. Wisconsin also has the fifth lowest poverty rate.
- Wisconsin's median household income increased 3.2 percent after inflation, well above national gains of 1.9 percent, over the period from 1994 to 1996. Wisconsin's median household income averaged $39,877 in 1995 and 1996, compared to only $34,911 nationally.

Looking ahead, continued gains in employment will be slower than the national average due to near full employment. Some employers are facing labor shortages. Total employment growth is expected to slow to 1.6 percent in 1998. Exports of capital goods, excluding autos, aircraft and computers, are expected to continue to grow at double-digit rates for the next two years. Total manufacturing is expected to remain steady or grow modestly.

Wisconsin's personal income growth will be affected by the slowdown in employment growth. Total personal income will grow by 5.3 percent this year to reach an average level of $126.6 billion. Personal income per capita continues to increase, but will do so at a slower rate after 1997.

MAJOR INITIATIVES

Economic Development. In 1997, the State continued its efforts to expand existing businesses and attract new businesses to Wisconsin. The major tools used in these efforts are the Wisconsin Development Fund and the Enterprise Development Program. The State awarded $17,013,014 during fiscal years 1996 and 1997 from the Wisconsin Development Fund, primarily through the major economic development program and customized labor training grants. The Enterprise Development Zone program has awarded more than $48.7 million in tax credits, and is expected to create over 8,900 new jobs, retain more than 15,500 jobs, and generate private investments of over $1.1 billion. In addition, the State offers a variety of programs that target minority business development and community based economic development. In fiscal years 1996 and 1997, the Minority Business Development Finance Program awarded over $1.2 million in grants and loans and the Community Based Economic Development Program awarded grants in excess of $1.5 million.

In 1997, the State expended $7.7 million to market Wisconsin as a national and international tourism destination, assisting a tourism industry that pumps over $6.5 billion into Wisconsin's economy and directly or indirectly supports more than 182,000 jobs. Through an Internet home page, the Department of Tourism is providing statewide tourism information and enabling local governments and local tourism organizations to showcase local and regional attractions. The Departments of Tourism and Natural Resources are also developing a comprehensive automated campground reservation system to improve utilization of state park campgrounds, provide links to private campgrounds and improve service to the public.

In October of 1997, the Department of Commerce, the Department of Tourism and Forward Wisconsin moved into a new building developed and owned by the Wisconsin Housing and Economic Development Authority (WHEDA). Constructed at a cost of $21 million, the new facility also houses the State's flagship Tourism Information Center. Through this co-location opportunity, the State will be able to provide one-stop assistance for business development in Wisconsin.

Transportation. The State continued to make significant investments in transportation infrastructure through expansion in highway capacity and reconstruction of existing highways and bridges. In 1997, more than 707 miles of state trunk highway (STH) and local highways were improved, and 239 deficient STH bridges were rehabilitated or replaced. In all, more than $410 million in construction projects on STH and local road systems was contracted through the Wisconsin Department of Transportation.

Wisconsin also distributes state transportation user fee revenues to local governments for transportation infrastructure improvements and transit operating assistance. In 1997, $363.2 million was transferred to local governments for these purposes.

In honor and recognition of Wisconsin's sesquicentennial year of 1998, the Department of Transportation, in cooperation with the Wisconsin Sesquicentennial Commission, began issuing a limited-edition commemorative license plate in January 1997. The plate was developed by a Department of Transportation employe and portrays the natural heritage of the Badger State. Proceeds from sale of the plate will be used to support a variety of events during Wisconsin's 150th anniversary. Through October 1997, over 300,000 sesquicentennial license plates had been issued.

Environment. Created in 1989, Wisconsin's Warren Knowles-Gaylord Nelson Stewardship Program underscores the State's role as a national leader in environmental preservation and enhancement. The program is authorized to expend $250 million through the sale of general obligation bonds and the use of federal grant moneys for various resource development and land protection activities. Through October 31, 1997, the Stewardship program had committed $184.8 million in a variety of categories, including acquisition of state park lands, protection of urban rivers and assistance for local parks.

As part of the most comprehensive review of the Department of Natural Resources' organization and mission since 1967, the State is utilizing information technology networks and equipment to provide Wisconsin residents and visitors with enhanced information and service regarding the State's natural resources and recreational opportunities. Through the establishment of regional service centers, outdoor enthusiasts will be able to make "one-stop" for conservation approvals, environmental permits, and recreational licenses and reservations. By the end of 1997, ten service centers will be operational, with a similar number planned for implementation over the next several years.

Wisconsin's Clean Water Fund program provides financial assistance to municipalities for the planning, design and construction of pollution abatement facilities -- primarily for wastewater treatment. Most communities applying for assistance receive subsidized loans, although some are eligible for partial grants through a hardship component of the program. Funding is provided from a State-matched federal capitalization grant authorized through the Water Quality Act, and through State revenue and general obligation bonds. In Fiscal Year 1997, the Clean Water Fund made commitments to municipalities amounting to $150 million, bringing the total amount of loans and grants awarded by the program to $937.9 million since its inception in 1991.

The Petroleum Environmental Cleanup Fund Award program (PECFA) assists owners of leaking petroleum storage tanks with environmental remediation costs and has provided $447.1 million for cleanups at 4,740 locations since 1988. Technical staff from the Department of Natural Resources, in cooperation with the Department of Commerce, are performing audits of engineered groundwater treatment systems at PECFA program sites to determine both the cost and environmental effectiveness of the selected remedy. Audit recommendations include closure of the site, specific system improvements, use of natural processes to complete the remediation and continuation of present activity. Total savings of $51.6 million at 1,243 sites were identified.

The 1997-99 biennial budget, recently passed by the Legislature and signed by the Governor, includes a comprehensive series of measures to address the remediation and redevelopment of underutilized land ("brownfields"). With these changes, owners of brownfields sites can secure exemptions from site cleanup liability by working cooperatively with the Department of Natural Resources. Local government will also have expanded flexibility to address tax-delinquent contaminated property. Financial assistance will be made available through a $10 million demonstration grant program, $22.5 million in loan guarantees to businesses, $20 million in Clean Water Fund loans to municipalities, and better coordination and utilization of existing loan and grant programs.

Human Resources Fiscal Year 1997 was the year of final preparation for Wisconsin's welfare reform program, called Wisconsin Works or W-2, which officially began on September 1, 1997. This program, the culmination of welfare reform efforts that began ten years ago, will replace welfare checks with the opportunity to earn a living. Annual cash benefit expenditures for the welfare population have decreased from $317 million in Fiscal Year 1996 to $210.4 million in Fiscal Year 1997. The welfare caseload has continued its steep decline from over 71,000 in June of 1995 to just over 55,000 in June of 1996 to just over 38,000 in June of 1997, representing a 46.3 percent decline in that 24 month period.

Education. In Fiscal Year 1997, the State fulfilled its commitment to increase its share of partial school costs (costs paid either by local property taxes or state aids and credits) from 52.9 percent to two-thirds. To reach this goal, state aids and credits to school districts were increased by $1.0 billion, from $3.0 billion in Fiscal Year 1996 to $4.0 billion in Fiscal Year 1997. This increase, combined with the school district revenue limits first imposed in Fiscal Year 1993-1994, enabled the State to reduce the statewide net school property tax levy by 23.9 percent ($645 million) in Fiscal Year 1997. The school levy rate showed an even larger decrease, going from $15.29 per $1,000 of property value in Fiscal Year 1996 to $11.88 in Fiscal Year 1997, a decline of 28.9 percent.

FINANCIAL INFORMATION

Internal Controls

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The State's biennial budget is prepared on a mixture of cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Statutes require that the Secretary of Administration must approve all payments, and then forward such requests to the State Treasurer for signature. The Department of Administration exercises detail allotment control over all agency appropriations and approval authority over all encumbrances.

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutorily required fund structure which differs extensively from the fund structure used in the financial statements.

General Government Functions

The following schedules present a summary of revenues (and proceeds from sale of bonds) and expenditures for the governmental fund types (i.e., the General Fund, special revenue funds, capital projects funds, and debt service funds) for Fiscal Years 1997 and 1996. These revenues, proceeds from sale of bonds, and expenditures are reported on the modified accrual basis of accounting in accordance with GAAP (in thousands):

Revenues and Bond Proceeds (by Source) (in thousands)	**1997 Amount**	**Percent of Total**	**1996 Amount**	**Change 1996/1997**
Taxes	$ 9,662,514	67.2%	$ 8,974,484	$ 688,030
Intergovernmental (e.g., federal assistance)	3,587,981	25.0	3,555,666	32,315
Licenses and Permits	584,825	4.1	684,330	(99,505)
Charges for Goods and Services	282,612	2.0	158,432	124,180
Investment Income	70,150	0.5	65,004	5,146
Gifts and Donations	3,177		5,940	(2,763)
Other Revenues	86,453	0.6	73,724	12,729
Total Revenues	14,277,712		13,517,580	760,132
Proceeds from Sale of Bonds	80,535	0.6	344,334	(263,799)
Total Revenues and Bond Proceeds	$ 14,358,247	100.0%	$ 13,861,914	$ 496,333

Revenues of governmental fund types totaled $14.3 billion for the Fiscal Year 1997, increasing $760.1 million or approximately 5.6 percent over the previous year. Due to continued strong growth, State tax revenue for Fiscal Year 1997 totaled $9.7 billion, an increase of approximately $688.0 million which represents a 7.7 percent increase over the previous year. Major increases in tax revenues occurred in individual income, general sales and use, corporation franchise income, and public utility taxes. Intergovernmental revenues consisting primarily of federal assistance increased $32.3 million over Fiscal Year 1996, while revenues from all other sources, excluding proceeds from sale of bonds, increased $39.8 million, a 4.0 percent increase from the previous year.

Expenditures (by Function) (in thousands)	**1997 Amount**	**Percent of Total**	**1996 Amount**	**Change 1996/1997**
Current:				
Commerce	$ 183,581	1.3%	$ 161,923	$ 21,658
Education	4,125,946	29.8	3,283,511	842,435
Transportation	1,418,262	10.2	1,343,563	74,699
Environmental Resources	588,714	4.3	507,420	81,294
Human Relations and Resources	4,906,367	35.4	5,033,062	(126,695)
General Executive	325,433	2.4	246,561	78,872
Judicial	87,525	0.6	82,505	5,020
Legislative	53,277	0.4	50,165	3,112
Tax Relief and Other General Expenditures	694,871	5.0	574,771	120,100
Intergovernmental (Shared Revenue)	1,008,590	7.3	1,010,618	(2,028)
Capital Outlay	170,693	1.2	153,809	16,884
Debt Service	285,157	2.1	270,555	14,602
Total	$ 13,848,416	100.0%	$ 12,718,463	$ 1,129,953

Governmental expenditures totaled $13.8 billion for the fiscal year ended June 30, 1997. This represents $1.1 billion or a 8.9 percent increase over the previous year. Human Relations and Resources had the largest decrease of $126.7 million, while Education had the largest increase of $842.4 million.

The 2.5 percent decrease in Human Relations and Resources was due primarily to decreased State aid in the Medical Assistance Program, reflecting increasing federal financial participation.

Education expenditures increased approximately 2.6 percent due in part to an increase in State assistance to Wisconsin's 426 school districts and 17 public library systems.

General Fund Balance

The General Fund balance on June 30, 1997 was $(1,472.8) million. The fund balances appearing in the CAFR include accounts receivable for revenues accrued but cash not received, and accounts payable on expenditures which are recorded but for which cash has not yet been disbursed.

A reconciliation between the budgetary basis fund balance and the CAFR fund balance at June 30, 1997 follows (in thousands):

Fund Balance June 30, 1997 (budgetary basis - budgetary fund structure)	$ 397,252
To eliminate outstanding year-end encumbrances from expenditures	255,472
To reclassify activities reported in another GAAP fund type	(243,056)
Fund balance June 30, 1997 (budgetary basis (net of encumbrances) – GAAP fund structure)	409,669
Adjustments:	
To adjust expenditures for the municipal and county shared revenue program	(504,309)
To adjust expenditures for state property tax credit program	(360,246)
To accrue/defer revenue for tax-related items and other tax credit/aid programs (net)	(736,208)
To adjust revenues and expenditures for other items (net)	(281,660)
Fund balance June 30, 1997 (GAAP basis - as reported in CAFR)	$(1,472,755)

As discussed previously, the State's 49 budgetary funds are expanded and have been displayed into 89 individual GAAP funds, the University of Wisconsin System, and three discrete component units. Accordingly, the reporting of the University of Wisconsin System in separate funds and the reclassification of certain activities from the budgetary General Fund to fiduciary and proprietary fund types resulted in the reduction of the budgetary fund balance at June 30, 1997 of $243.1 million, as noted above.

Another variation between GAAP and statutory reporting results from the revised definition of budgetary expenditures. Budgetary expenditures include $255.5 million of outstanding year-end encumbrances. These encumbrances are not reflected in the GAAP based expenditures and consequently do not impact GAAP fund balance.

In applying GAAP based expenditure and liability recognition and measurement criteria, the largest single accruals relate to deferred Municipal and County Shared Revenue Program payments and deferred State Property Tax Credit Program payments. Since the early 1980's, funding of these programs has been deferred to the State fiscal year following their accrual, resulting in liabilities for these programs totaling $757.4 million and $864.6 million at June 30, 1996 and 1997, respectively.

Accruals and deferrals of various tax-related items and other tax credit/aid programs also significantly contribute to the budgetary basis and GAAP basis fund difference. Net accruals/deferrals for these items resulted in an additional liability of $756.0 million and $736.2 million on June 30, 1996 and 1997, respectively.

The remaining difference between the General Fund budgetary balance and the GAAP basis balance, as listed above, represents accruals/deferrals for such items as Medicaid claims (additional liabilities of $87.1 million and $82.3 million at June 30, 1996 and 1997, respectively) and other numerous, miscellaneous adjustments to assets and liabilities.

The increase between Wisconsin's GAAP balance at June 30, 1996 (as reported in the 1996 CAFR) of $(918.5) million and the GAAP balance at June 30, 1997 of $(1,472.8) million amounted to $554.2 million. A budgetary spend-down totaling $265.9 million was a major factor contributing to this increase. Other factors impacting the change included: an increase in the amount of activity reclassified as individual fund types totaling $9.9 million; an increase in the liability relating to the property tax credit program of $107.1 million; an increase in liabilities of $215.0 million due to the settlement of the special performance dividend pension-related lawsuit; and a decrease in other accruals/deferrals totaling $43.7 million.

Proprietary Operations

The State has various proprietary funds (i.e., enterprise and internal service funds) that account for ongoing activities and organizations that are similar to those found in the private sector.

Enterprise funds are established to account for services provided to the public for which the revenues derived by the activity will support the services provided. The enterprise fund with the largest operating revenues is the Lottery Fund. The Lottery Fund's activities are used to provide property tax relief to taxpayers. Operating revenues of this fund totaled $431.1 million in 1997.

Internal service funds are established to account for the financing of goods or services provided to State agencies, or to other governments, on a cost-reimbursement basis. The internal service fund with the largest operating revenues is the Information Technology Services Fund. This fund was established to account for computing services provided to other State agencies and the purchase and installation of data and word processing equipment. Operating revenues of this fund totaled $45.7 million in 1997.

Pension Trust Funds

The Wisconsin Retirement System (WRS), consisting of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust is administered by the Department of Employe Trust Funds. The WRS provides coverage to all eligible employes of the State of Wisconsin and other participating local units of government.

The most current actuarial valuations of the pension plan indicated that the WRS was funded at 94.0 percent of liabilities for the 424,266 participants of the WRS. The State's contribution represents 27.5 percent of total contributions required of all participating entities.

Debt Administration

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. The total general obligation debt outstanding for the State as ofJune 30, 1997 was $3.1 billion.

During Fiscal Year 1997, $115.2 million of these general obligation bonds were issued to provide for the acquisition or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes. An additional $23.6 million of general obligation bonds were issued to provide for an advance refunding of general obligation bonds outstanding during Fiscal Year 1997. As a result, the general obligation bonds refunded are considered defeased and the corresponding liability for those bonds has been

removed from the General Long-term Debt Account Group. The advance refunding resulted in an aggregate economic gain (the difference between the present values of the debt service on the old debt and the new debt) of $3.0 million for the State. In addition, $51.4 million of general obligation bonds were issued for veterans housing loans.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 limits the amount of debt the State can contract in total and in any calendar year. In total, debt cannot exceed five percent of the value of all taxable property in the State. The amount of debt contracted in any calendar year is limited to the lesser of three-quarters of one percent of aggregate value of taxable property or five percent of aggregate value of taxable property less net indebtedness at January 1.

At June 30, 1997, State of Wisconsin bonds had a rating of Aa2 from Moody's Investors Services, a rating of AA from Standard and Poor's Corporation, and AA+ from Fitch Investors Service, L.P.

Chapter 18 of the Wisconsin Statutes authorizes the State to issue revenue obligations. These obligations, which are not debt of the State, are secured by a pledge of revenues or property derived from the operations of a program funded by the issuance of the obligations. Revenue bonds totaled $3.3 billion outstanding at fiscal year-end. These bonds include: $750.6 million in Transportation Revenue Bonds issued to finance certain transportation facilities and major highway projects; $5.2 million of Wisconsin Education Revenue Bonds for the Health Education Assistance Loan Program; $2.1 billion of Wisconsin Housing and Economic Development Authority Revenue Bonds; $50.0 million for the University of Wisconsin Hospitals and Clinics Authority; and $432.0 million of Clean Water Fund bonds.

Other bonds presented in the balance sheet include $1.3 million of Wisconsin Building Corporation Bonds issued to provide funds for the acquisition and construction of certain buildings and facilities for public purposes. Revenues pledged to the repayment of these bonds are derived through lease-rental agreements between State agencies and the corporations.

Cash Management

The State of Wisconsin Investment Board is responsible for investing in cash resources of the State. On a daily basis, excess cash from all funds is pooled and invested through a variety of investment vehicles. Interest income earned on these investments is allocated to the various funds based on their average daily cash balances. The total amount of investments in the State Investment Fund at June 30, 1997 was $6.6 billion.

The State's General Fund cash flow requirements are greatest in the earlier part of the fiscal year. To meet these cash flow needs, the State sold $150.0 million in short-term general obligation operating notes for Fiscal Year 1998. The final payment on these notes will be made on June 15, 1998.

Risk Management

The State's risk management program, encompassing all State agencies, began in 1974 within the Department of Administration. Statutory responsibilities and authority include, but are not limited to:

- Protecting the State's assets from catastrophic loss;
- Emphasizing loss reduction;
- Identifying and evaluating exposures to loss;
- Recommending changes in procedures and programs to eliminate or reduce existing exposures;
- Arranging appropriate insurance for the transfer of risk of loss; and
- Approving all insurance purchases.

Currently, the State is essentially self-insured, through its risk management program, against major losses to which it is exposed. The Risk Management Fund, an internal service fund, services most claims for risk

of loss, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. Additional disclosures on the State's risk management activities are provided in Note 19.

OTHER INFORMATION

Independent Audit

In compliance with Wis. Stat. Sec. 13.94 (1)(c), the State Legislative Audit Bureau has performed an examination of the State's general purpose financial statements. The examination was made in accordance with generally accepted auditing standards. Their report is contained in the Financial Section which follows.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Wisconsin for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

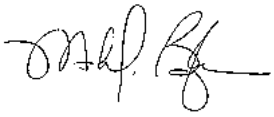
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the first year the State of Wisconsin has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

We wish to express our appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial managers and accountants of the State agencies and component units, along with staff within the State Controller's Office.

Sincerely,



Mark D. Bugher
Secretary

William J. Raftery, CPA
State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Wisconsin

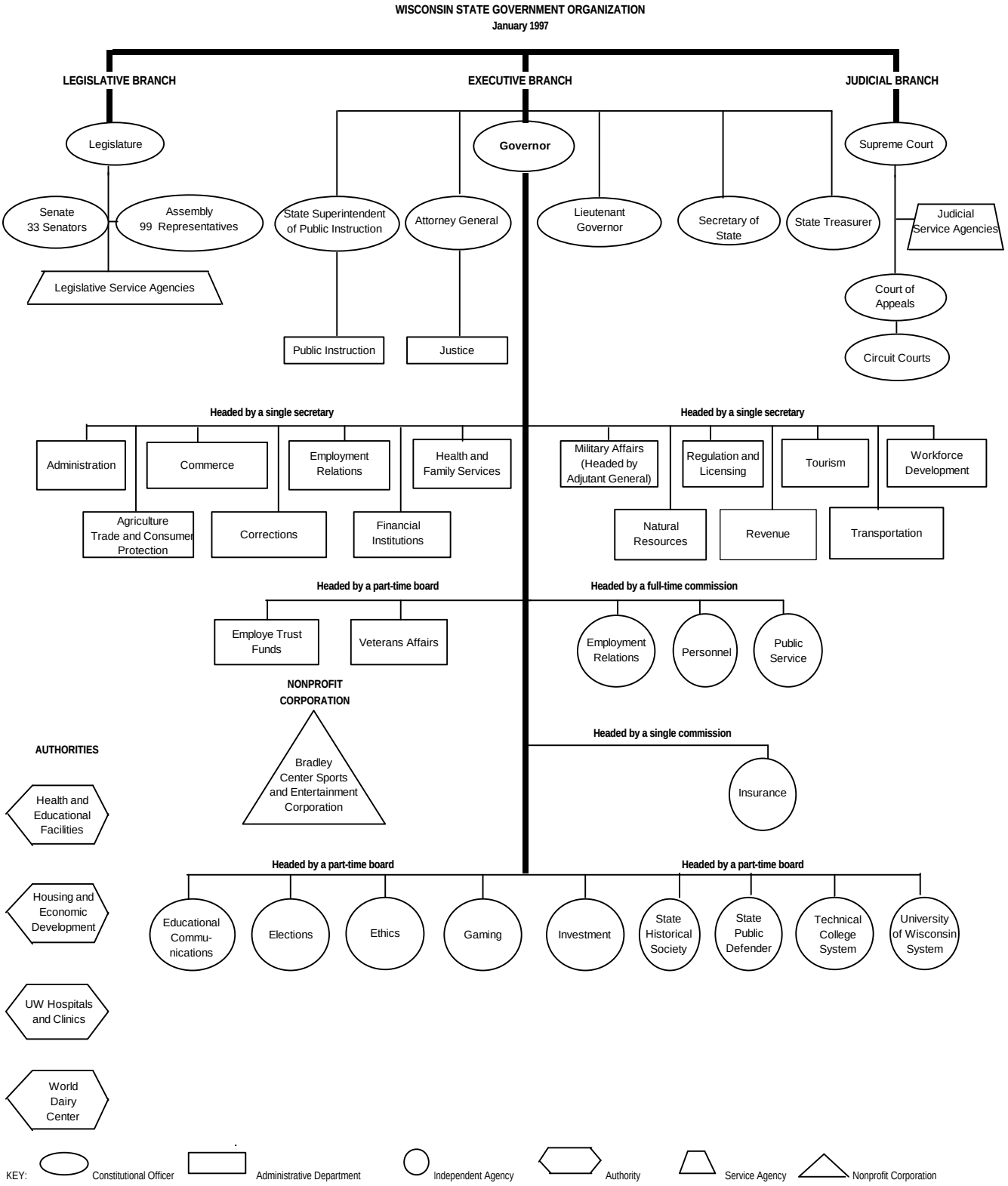
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

Organizational Chart



Principal State Officials

EXECUTIVE

Tommy G. Thompson
Governor

Scott McCallum
Lieutenant Governor

Douglas J. LaFollette
Secretary of State

Jack C. Voight
State Treasurer

James E. Doyle
Attorney General

John T. Benson
State Superintendent of Public Instruction

LEGISLATIVE

Fred Risser
President of the State Senate

Scott Jensen (beginning November 4, 1997)
Ben Brancel (January 6, 1997 through November 2, 1997)
David T. Prosser (through January 5, 1997)
Speaker of the Assembly

JUDICIAL

Shirley S. Abrahamson
Chief Justice of the Supreme Court

FINANCIAL SECTION

State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

DALE CATTANACH
STATE AUDITOR

SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislature

The Honorable Tommy G. Thompson, Governor

We have audited the accompanying general purpose financial statements of the State of Wisconsin as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Wisconsin's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Clean Water Fund and the Health Insurance Risk Sharing Plan, which represent 32 percent of the assets and 5 percent of the operating revenues of the enterprise funds, nor did we audit the financial statements of the Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, which represent 90 percent of the assets and 25 percent of the revenues and operating transfers of the debt service funds, 83 percent of the assets of the capital projects funds, and 19 percent of the liabilities of the general long-term debt account group. In addition, we did not audit the financial statements of the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority, which represent 100 percent of the financial activity of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Health Insurance Risk Sharing Plan, Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, Wisconsin Health Care Liability Insurance Plan, and University of Wisconsin Hospitals and Clinics Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Wisconsin as of June 30, 1997, and the results of its operations, the cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units, the changes in plan net assets for the Pension Trust Fund, and the changes in fund balances of the University of Wisconsin System, for the year then ended in conformity with generally accepted accounting principles.

During fiscal year 1996-97, the State of Wisconsin implemented several accounting changes, including, as discussed in Note 16 to the general purpose financial statements, those required by Governmental Accounting Standards Board (GASB) Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement 27, *Accounting for Pensions by State and Local Governmental Employers*. The State implemented GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*, as discussed in Note 3 to the general purpose financial statements. In addition, as discussed in Note 12 to the general purpose financial statements, the State implemented GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we will issue our report dated December 19, 1997, on our consideration of the State of Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports will be included in the State's single audit report.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Wisconsin. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section and the statistical section listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

LEGISLATIVE AUDIT BUREAU

December 19, 1997 by

Dale Cattanach
State Auditor

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1997

(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Cash and Cash Equivalents	$ 303,335	$ 363,011	$ 6,034	$ 21,876	$ 776,274	$ 29,080
Investments	5,814	-	51,498	134,845	757,436	-
Securities Lending Collatera	-	-	-	-	-	-
Receivables (net of estimate uncollectible accounts)						
Taxes	667,117	76,427	-	-	-	-
Student Loans	-	-	-	-	6,724	-
Veterans Loans	-	-	-	-	28,583	-
Mortgage Loans	-	-	-	-	583,175	-
Insurance Policy Loans	-	-	-	-	3,777	-
Loans to Local Governments	-	-	-	-	697,194	-
Patients Accounts Receivable	-	-	-	-	-	-
Prior Service Contributions Receivabl	-	-	-	-	-	-
Other Receivables	127,601	23,787	8	1,162	50,379	910
Due from Other Funds	90,014	315,148	4	1,781	61,077	34,746
Due from Component Units	-	-	-	-	10	196
Due from Primary Governmen	-	-	-	-	-	-
Interfund Loans Receivable	68,370	2,729	-	-	17,516	-
Due from Other Governments	362,321	78,519	-	496	9,165	438
Inventories	48,202	16,612	-	-	5,496	8,291
Prepaid Items	223,912	9,855	-	-	28,513	2,227
Advances to Other Funds	-	-	-	3,000	4,000	7,118
Restricted and Limited Use Assets						
Cash and Cash Equivalents	-	-	-	-	34,606	-
Investments	-	-	-	-	-	-
Capital Lease Receivable - Component Un	-	-	-	-	-	-
Deferred Charges	-	-	-	-	7,753	487
Fixed Assets	-	-	-	-	136,460	204,860
Other Assets	-	5	-	-	8,818	-
Other Debits:						
Amount Available in Deb Service Fund	-	-	-	-	-	-
Amount to be Provided for Retiremen of General Long-term Obligations	-	-	-	-	-	-
Total Assets and Other Debits	$ 1,896,686	$ 886,093	$ 57,544	$ 163,160	$ 3,216,956	$ 288,353

Fiduciary Fund Type	Account Groups					
Trust and Agency	General Fixed Assets	General Long-term Debt	University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
$ 6,662,803	$ -	$ -	$ 320,002	$ 8,482,415	$ 222,307	$ 8,704,722
44,118,993	-	-	196,734	45,265,319	392,398	45,657,717
2,678,622	-	-	-	2,678,622	-	2,678,622
-	-	-	-	743,544	-	743,544
-	-	-	157,310	164,034	-	164,034
-	-	-	-	28,583	-	28,583
-	-	-	-	583,175	1,743,543	2,326,718
-	-	-	-	3,777	-	3,777
254,178	-	-	-	951,372	-	951,372
-	-	-	-	-	52,526	52,526
2,090,431	-	-	-	2,090,431	-	2,090,431
682,048	-	-	58,249	944,143	27,595	971,739
313,172	-	-	52,020	867,961	-	867,961
16	-	-	14,804	15,025	-	15,025
-	-	-	-	-	863	863
-	-	-	-	88,615	-	88,615
97,718	-	-	33,598	582,255	-	582,255
-	-	-	43,326	121,928	1,947	123,874
4,385	-	-	13,756	282,648	964	283,612
-	-	-	-	14,118	-	14,118
-	-	-	-	34,606	-	34,606
-	-	-	-	-	278,544	278,545
-	-	-	37,815	37,815	-	37,815
-	-	-	7,018	15,258	16,324	31,582
635	1,542,648	-	3,370,110	5,254,713	121,993	5,376,706
231,514	-	-	-	240,337	109,316	349,654
-	-	4,295	-	4,295	-	4,295
-	-	3,728,583	-	3,728,583	-	3,728,583
$ 57,134,515	$ 1,542,648	$ 3,732,878	$ 4,304,742	$ 73,223,575	$ 2,968,320	$ 76,191,895

(Continued)

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1997

(Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 426,399	$ 276,100	$ -	$ 15,436	$ 294,586	$ 18,404
Due to Other Funds	591,335	55,147	167	16,486	25,101	7,034
Due to Component Units	863	-	-	-	-	-
Due to Primary Governmen	-	-	-	-	-	-
Interfund Loans Payable	-	4,488	-	15,726	32,564	35,799
Due to Other Governments	1,334,700	70,434	-	404	18	212
Tax Refunds Payable	518,078	4,110	-	-	-	-
Tax and Other Deposits	67,671	8,918	-	2	8,870	-
Deferred Revenue	426,396	15,312	-	4	42,438	823
Interest Payable	-	-	22,551	571	6,720	1,200
Advances from Other Funds	4,000	3,958	-	-	-	3,160
Short Term Notes Payable	-	4,599	-	216,493	267	1,107
Securities Lending Collateral Liabilit	-	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	727,939	77,544
Capital Leases	-	-	-	-	158	14,174
Capital Leases - Primary Governmen	-	-	-	-	-	-
Compensated Absences	-	-	-	-	5,411	1,697
Employer Pension Costs	-	-	-	-	-	-
General Obligation Bonds Payable	-	-	820	-	577,354	96,362
Revenue Bonds and Notes Payable	-	-	29,710	-	437,281	-
Other Bonds Payable	-	-	-	-	-	-
Claims, Judgments and Commitments	-	-	-	-	-	-
Installment Contracts Payable	-	-	-	-	398	432
Total Liabilities	3,369,441	443,067	53,248	265,121	2,159,106	257,949
Equity and Other Credits:						
Contributed Capital	-	-	-	-	866,250	23,045
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved	-	-	-	-	63,541	-
Unreserved	-	-	-	-	128,060	7,358
Fund Balances:						
Reserved	298,974	423,719	-	107,387	-	-
Unreserved:						
Designated	-	-	-	-	-	-
Undesignated	(1,771,729)	19,307	4,295	(209,347)	-	-
Total Equity and Other Credits	(1,472,755)	443,026	4,295	(101,960)	1,057,851	30,403
Total Liabilities, Equity and Other Credits	$ 1,896,686	$ 886,093	$ 57,544	$ 163,160	$ 3,216,956	$ 288,353

The notes to the financial statements are an integral part of this statemen

Fiduciary Fund Type	Account Groups						
Trust and Agency	General Fixed Assets	General Long-term Debt	University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
$ 471,983	$ -	$ -	$ 107,329	$ 1,610,237	$ 53,963	$ 1,664,200
116,958	-	-	55,732	867,961	-	867,961
-	-	-	-	863	-	863
-	-	-	-	-	15,026	15,026
38	-	-	-	88,615	-	88,615
2,789,015	-	-	3,298	4,198,080	7,759	4,205,839
-	-	-	-	522,188	-	522,188
230,660	-	-	1,330	317,451	131,743	449,194
2,006	-	-	77,642	564,621	1,857	566,478
-	-	-	-	31,042	56,708	87,750
-	-	-	3,000	14,118	-	14,118
-	-	-	24,917	247,383	-	247,383
2,678,622	-	-	-	2,678,622	-	2,678,622
-	-	-	-	805,483	135,147	940,630
-	-	8,488	11,872	34,692	1,286	35,978
-	-	-	-	-	37,815	37,815
295,989	-	671,589	41,445	1,016,132	1,891	1,018,023
-	-	625,133	-	625,133	-	625,133
-	-	1,699,614	709,806	3,083,955	-	3,083,955
-	-	720,855	-	1,187,846	2,087,611	3,275,457
-	-	-	1,336	1,336	-	1,336
-	-	5,435	-	5,435	-	5,435
-	-	1,764	262	2,857	-	2,857
6,585,272	-	3,732,878	1,037,968	17,904,050	2,530,806	20,434,856
-	-	-	-	889,295	-	889,295
-	1,542,648	-	-	1,542,648	-	1,542,648
-	-	-	-	63,541	133,043	196,584
-	-	-	-	135,418	304,470	439,888
49,461,853	-	-	3,222,330	53,514,262	-	53,514,262
-	-	-	3,611	3,611	-	3,611
1,087,391	-	-	40,834	(829,249)	-	(829,249)
50,549,243	1,542,648	-	3,266,775	55,319,525	437,514	55,757,039
$ 57,134,515	$ 1,542,648	$ 3,732,878	$ 4,304,742	$ 73,223,575	$ 2,968,320	$ 76,191,895

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Taxes	$ 8,849,247	$ 813,267	$ -	$ -	$ -	$ 9,662,513
Intergovernmenta	3,131,641	454,165	-	2,175	14,193	3,602,175
Licenses and Permits	178,985	337,318	68,430	92	-	584,824
Charges for Goods and Services	131,763	150,155	-	694	632	283,243
Contributions	-	-	-	-	559,557	559,557
Investment and Interest Income	45,822	15,639	2,392	6,297	294,722	364,873
Gifts and Donations	1,771	1,319	-	87	36	3,213
Other Revenues	70,637	12,993	-	2,823	41,379	127,832
Total Revenues	12,409,866	1,784,856	70,822	12,168	910,518	15,188,229
Expenditures:						
Current:						
Commerce	178,259	5,322	-	-	-	183,582
Education	4,122,795	103	-	3,048	18,418	4,144,364
Transportation	802	1,414,180	-	3,280	-	1,418,263
Environmental Resources	104,490	462,381	-	21,843	-	588,714
Human Relations and Resources	4,886,726	2,514	-	17,127	495,820	5,402,186
General Executive	298,781	15,457	-	11,195	131,758	457,192
Judicial	87,218	307	-	-	-	87,525
Legislative	53,277	-	-	-	-	53,277
Tax Relief and Other Genera Expenditures	690,652	-	-	4,219	-	694,872
Intergovernmenta	1,008,590	-	-	-	-	1,008,590
Capital Outlay	-	-	-	170,693	-	170,693
Debt Service:						
Principal	-	-	154,587	-	-	154,587
Interest	-	-	130,029	541	-	130,570
Total Expenditures	11,431,592	1,900,264	284,616	231,947	645,996	14,494,414
Excess of Revenues Over (Under Expenditures	978,274	(115,409)	(213,794)	(219,779)	264,523	693,815
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	-	25,149	-	55,386	-	80,536
Proceeds from Refunding Bonds	-	-	23,304	-	-	23,304
Payment to Refunding Bond Escrow Agent	-	-	(23,487)	-	-	(23,487)
Operating Transfers In	36,931	272,564	212,948	16,971	-	539,414
Operating Transfers Out	(1,586,428)	(34,008)	(5,250)	(2,426)	(13,630)	(1,641,742)
Capital Leases Acquisitions	2,983	253	-	-	-	3,236
Installment Purchase Acquisitions	-	-	-	573	-	573
Total Other Financing Sources (Uses)	(1,546,514)	263,958	207,515	70,504	(13,630)	(1,018,168)

(Continued)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 1997

(Continued)

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(568,240)	148,549	(6,279)	(149,276)	250,893	(324,353)
Fund Balances, Beginning of Yea	(919,838)	300,114	10,579	88,341	2,207,789	1,686,983
Increase (Decrease) in Reserve for Inventories	1,111	(195)	-	-	-	916
Residual Equity Transfers In	14,367	-	-	4	-	14,372
Residual Equity Transfers Out	(155)	(5,442)	(4)	(41,030)	-	(46,632)
Fund Balances, End of Year	$ (1,472,755)	$ 443,026	$ 4,295	$ (101,960)	$ 2,458,681	$ 1,331,287

The notes to the financial statements are an integral part of this statemer

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	$ 8,661,580	$ 8,814,441	$ 152,861	$ 813,344	$ 813,344	$ -
Departmenta	5,933,045	5,854,881	(78,164)	1,338,888	1,338,888	-
Total Revenues	14,594,625	14,669,321	74,696	2,152,233	2,152,233	-
Expenditures:						
Current:						
Commerce	250,016	201,423	48,593	131,586	114,716	16,870
Education	6,786,848	6,554,863	231,986	19,620	11,980	7,640
Environmental Resources	249,988	238,410	11,579	2,015,384	1,730,523	284,861
Human Relations and Resources	5,696,413	5,478,021	218,392	20,585	10,292	10,293
General Executive	560,398	493,487	66,911	9,949	5,241	4,708
Judicial	87,718	86,749	969	744	306	438
Legislative	54,055	53,277	778	-	-	-
General	1,867,397	1,839,755	27,642	18,360	17,087	1,273
Total Expenditures	15,552,834	14,945,984	606,850	2,216,228	1,890,145	326,083
Excess of Revenues Over (Under) Expenditures	$ (958,209)	(276,663)	$ 681,546	$ (63,995)	262,088	$ 326,083
Fund Balances, Beginning of Yea		918,625			381,174	
Residual Equity Transfers		10,762			(5,038)	
Fund Balances, End of Yea		652,725			638,223	
Less Encumbrances Outstanding at June 30, 1997		(255,472)			(610,083)	
Fund Balances, End of Yea Budgetary Basis		$ 397,252			$ 28,140	

The notes to the financial statements are an integral part of this statemer

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government		Totals - Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units	(Memorandum Only)
Operating Revenues:						
Charges for Goods and Services	$ 744,233	$ 204,162	$ 192	$ 948,587	$ 313,247	$ 1,261,834
Contributions	408,981	-	-	408,981	-	408,981
Investment and Interest Income	150,313	-	1,070	151,383	147,232	298,615
Fines and Forfeitures	-	-	15,848	15,848	-	15,848
Gifts and Donations	-	-	86	86	-	86
Other Income	4,634	1,745	30	6,408	7,090	13,498
Total Operating Revenues	1,308,161	205,907	17,226	1,531,294	467,568	1,998,863
Operating Expenses:						
Personal Services	199,419	40,598	137	240,153	171,695	411,848
Supplies and Services	420,873	118,652	122	539,647	129,044	668,691
Lottery Prize Awards	244,020	-	-	244,020	-	244,020
Depreciation	9,117	22,605	-	31,722	17,688	49,410
Benefit Expense	244,673	24,415	-	269,088	2,395	271,484
Interest Expense	55,221	-	-	55,221	138,076	193,297
Other Expenses	14,706	3	10	14,719	78,193	92,912
Total Operating Expenses	1,188,029	206,274	269	1,394,571	537,090	1,931,661
Operating Income (Loss)	120,132	(366)	16,957	136,723	(69,521)	67,202
Nonoperating Revenues (Expenses):						
Operating Grants	2,263	268	16	2,547	57,002	59,549
Investment and Interest Income	30,195	530	-	30,725	46,701	77,425
Gain (Loss) on Disposal of Fixed Assets	(48)	(123)	-	(171)	(7)	(178)
Interest Expense	(651)	(4,048)	-	(4,698)	-	(4,698)
Other Revenues	3,120	1,053	-	4,172	1,164	5,336
Other Expenses	(42,499)	(443)	-	(42,942)	(221)	(43,163)
Total Nonoperating Revenues (Expenses)	(7,619)	(2,763)	16	(10,367)	104,639	94,272
Income (Loss) Before Operating Transfers	112,513	(3,129)	16,973	126,356	35,118	161,473
Operating Transfers In	36,803	6,716	12,000	55,519	-	55,519
Operating Transfers Out	(23,440)	(3,391)	(73)	(26,904)	-	(26,904)
Net Income before Extraordinary Items	125,875	196	28,900	154,971	35,118	190,089
Extraordinary Items						
Gain (Loss) from Extinguishment of Debt	(56)	-	-	(56)	(35)	(91)
Net Income (Loss)	125,819	196	28,900	154,915	35,083	189,998

(Continued)

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1997

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government		Totals - Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units	(Memorandum Only)
Retained Earnings/Fund Balances, Beginning of Year	66,152	7,163	356,998	430,313	402,431	832,744
Residual Equity Transfers In	-	1,319	-	1,319	-	1,319
Residual Equity Transfers Out	(371)	(1,319)	(4,895)	(6,585)	-	(6,585)
Retained Earnings/Fund Balances, End of Year	$ 191,600	$ 7,358	$ 381,003	$ 579,962	$ 437,514	$ 1,017,475

The notes to the financial statements are an integral part of this statemer

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1997

(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government	
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units *
Cash Flows from Operating Activities:					
Cash Receipts from Customers	$ 1,135,577	$ 191,157	$ 188	$ 1,326,922	$ 3,072
Cash Payments to Suppliers for Goods and Services	(396,546)	(117,829)	(183)	(514,559)	(4,330)
Cash Payments to Employes for Services	(200,071)	(40,727)	(139)	(240,938)	(9,336)
Cash Payments for Lottery Prizes	(252,605)	-	-	(252,605)	-
Cash Payments for Loans Originated	(99,319)	-	-	(99,319)	(238,418)
Cash Payments for Benefits	(161,562)	(16,685)	-	(178,247)	(5,908)
Interest Income	45,782	-	-	45,782	134,901
Fines and Forfeitures	-	-	15,809	15,809	-
Collection of Loans	67,818	-	-	67,818	116,506
Other Operating Revenues	4,166	1,740	116	6,021	34
Other Operating Expenses	(35,395)	(70)	(10)	(35,475)	(69,477)
Other Sources of Cash	2,834	324	-	3,158	10,131
Other Uses of Cash	(23)	-	-	(23)	-
Net Cash Provided (Used) by Operating Activities	110,656	17,910	15,781	144,347	(62,825)
Cash Flows from Noncapital Financing Activities:					
Operating Grants Receipts	3,009	268	16	3,293	57,002
Grants for Loans to Governments	45,568	-	-	45,568	-
Proceeds from Issuance of Long-term Debt	130,614	-	-	130,614	516,283
Retirement of Long-term Debt	(27,567)	-	-	(27,567)	(335,114)
Interest Payments	(52,928)	-	-	(52,928)	(129,038)
Interfund Loans	7,026	6,865	-	13,891	-
Interfund Loans Repaid	(1,502)	1,886	-	384	-
Interfund Loans to Other Funds	(17,516)	-	-	(17,516)	-
Interfund Advances	2,000	(3,326)	-	(1,326)	-
Operating Transfers In	37,070	7,303	12,000	56,373	-
Operating Transfers Out	(24,027)	(3,997)	(73)	(28,097)	-
Residual Equity Transfers In	41,000	550	-	41,550	-
Residual Equity Transfers Out	(4,371)	(340)	-	(4,711)	-
Other Cash Inflows from Noncapital Financing Activities	(988)	-	-	(988)	-
Other Cash Outflows from Noncapital Financing Activities	(11,231)	-	-	(11,231)	(2,451)
Net Cash Provided (Used) by Noncapital Financing Activities	126,156	9,210	11,943	147,309	106,682
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Issuance of Long-term Debt	267	5,827	-	6,095	-
Repayment of Long-term Debt	(733)	(8,052)	-	(8,785)	-
Proceeds of Short-Term Notes	-	1,107	-	1,107	-
Interest Payments	(642)	(5,343)	-	(5,985)	-
Interfund Advances Repaid	-	(632)	-	(632)	-
Capital Lease Obligations	(57)	(17,776)	-	(17,833)	-
Proceeds from Sale of Fixed Assets	30	2,166	-	2,196	-
Payments for Purchase of Fixed Assets	(2,428)	(21,438)	-	(23,866)	(15,803)
Other Cash Inflows from Capital Financing Activities	170	262	-	432	-
Other Cash Outflows from Capital Financing Activities	(18)	-	-	(18)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,411)	(43,878)	-	(47,289)	(15,803)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	102,028	-	9,785	111,813	589,914
Purchase of Investment Securities	(148,816)	-	(10,540)	(159,356)	(620,538)
Cash Payments for Loans Originated	(122,655)	-	(48,650)	(171,305)	-
Collection of Loans	31,493	-	49,735	81,228	-
Investment and Interest Receipts	113,674	517	1,046	115,237	41,097
Net Cash Provided (Used) by Investing Activities	(24,276)	517	1,378	(22,381)	10,472
Net Increase (Decrease) in Cash and Cash Equivalents	209,125	(16,242)	29,102	221,985	38,526
Cash and Cash Equivalents, Beginning of Year	601,754	45,321	90,130	737,206	131,322
Cash and Cash Equivalents, End of Year	$ 810,879	$ 29,080	$ 119,232	$ 959,191	$ 169,848

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 29.

(Continued)

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1997

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government	
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units *
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:					
Operating Income (Loss)	$ 120,132	$ (366)	$ 16,957	$ 136,723	$ (75,396)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	9,118	22,605	-	31,724	648
Amortization	974	-	-	974	3,008
Provision for Uncollectible Accounts	(26)	-	-	(26)	561
Operating Income (Investment Income) Classified as Investing Activity	(101,827)	-	(1,070)	(102,897)	(10,874)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	48,147	-	-	48,147	132,123
Miscellaneous Nonoperating Income (Expense)	2,062	308	-	2,370	-
Changes in Assets and Liabilities:					
Decrease (Increase) in Receivables	(28,705)	39	(3)	(28,669)	(125,793)
Decrease (Increase) in Due from Other Funds	(11,646)	(13,133)	(30)	(24,809)	-
Decrease (Increase) in Due from Component Units	(1)	(196)	-	(198)	-
Decrease (Increase) in Due from Other Governments	(12)	1	-	(11)	-
Decrease (Increase) in Inventories	2,112	(1,108)	-	1,004	-
Decrease (Increase) in Prepaid Items	(1,685)	(1,719)	-	(3,404)	-
Decrease (Increase) in Deferred Charges	50	-	-	50	-
Decrease (Increase) in Other Assets	839	-	-	839	(16)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(6,920)	750	(20)	(6,189)	17,578
Increase (Decrease) in Compensated Absences	173	33	-	206	-
Increase (Decrease) in Due to Other Funds	174	3,674	(52)	3,795	-
Increase (Decrease) in Due to Primary Government	-	-	-	-	1
Increase (Decrease) in Due to Other Governments	(8)	(99)	-	(107)	-
Increase (Decrease) in Tax and Other Deposits	545	-	-	545	-
Increase (Decrease) in Deferred Revenue	(5,527)	(502)	-	(6,029)	(1,152)
Increase (Decrease) in Interest Payable	293	-	-	293	-
Increase (Decrease) in Future Benefits and Loss Liabilities	82,393	7,624	-	90,017	(3,513)
Total Adjustments	(9,476)	18,276	(1,176)	7,624	12,571
Net Cash Provided by Operating Activities	$ 110,656	$ 17,910	$ 15,781	$ 144,347	$ (62,825)
Noncash Investing, Capital and Financing Activities:					
Capital Leases (Initial Year):					
Fair Market Value	$ -	$ 2,657	$ -	$ 2,657	$ -
Current Year Cash Receipts (Payments)	-	73	-	73	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	7,211	114	-	7,325	-
Lottery Prize Annuity Investment Assumption	15,923	-	-	15,923	-
Lottery Prize Annuity Investment Liability	(15,923)	-	-	(15,923)	-
Other	431	-	-	431	-
Reconciliation of Fiduciary Fund Type Cash and Cash Equivalents to the Combined Balance Sheet:					
Nonexpendable Trust Fund			$ 119,232		
Fiduciary Funds, Other Than Nonexpendable Trust			6,543,572		
Total Fiduciary Fund Type Cash and Cash Equivalents, End of Year			$ 6,662,803		

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 29.

(Continued)

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1997

(Continued)

	Component Units *
Cash Flows from Operating Activities:	
Operating Income	$ 5,876
Adjustments to Reconcile Operating Income to Net	
Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,040
Provision for Bad Debt	6,449
Other Sources	327
Other Uses	(220)
Changes in Assets and Liabilities:	
Increase in Net Patient Receivables	(9,339)
Increase in Other Receivables	(658)
Increase in Due from Primary Government	(862)
Increase in Inventories	(223)
Increase in Prepaid Items	(209)
Decrease in Other Assets	223
Increase in Accounts Payable and Other Accrued Expenses	11,358
Increase in Due to Other Goverments	1,456
Increase in Due to Primary Government	13,128
Decrease in Deferred Revenue	(846)
Net Cash Provided (Used) by Operating Activities	43,499
Cash Flows from Capital Financing Activities:	
Proceeds from Issuance of Long-term Debt	50,000
Proceeds from Line of Credit	9,405
Repayment of Line of Credit	(9,405)
Payments for Purchase of Fixed Assets	(19,537)
Capital Leases Payable - Primary Government	(2,005)
Capital Leases Payable	(4,286)
Proceeds from Sale of Fixed Assets	131
Other Cash Flows from Capital Financing Activites	(1,082)
Net Cash Provided (Used) by Capital Financing Activities	23,222
Cash Flows from Investing Activities:	
Purchase of Investment Securities	(58,727)
Interest and Dividends Receipts	6,936
Decrease in Investment in Affiliate	635
Net Cash Provided (Used) by Investing Activities	(51,156)
Net Increase (Decrease) in Cash and Cash Equivalents	15,565
Cash and Cash Equivalents at Beginning of Year	36,894
Cash and Cash Equivalents at End of Year	$ 52,459
Noncash Investing, Capital and Financing Activities:	
Capital Leases (Initial Year):	
Fair Market Value	$ 1,649
Other	2,624

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare this statement using the direct method, as presented on Pages 27 and 28 of the CAFR.

The notes to the financial statements are an integral part of this statement.

State of Wisconsin

Statement of Changes in Plan Net Assets - Pension Trust Fund
For the Year Ended June 30, 1997

(In Thousands)

	Wisconsin Retirement System
Additions	
Contributions:	
Employer Contributions	$ 463,717
Employe Contributions	504,487
Total Contributions	968,204
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	6,222,563
Interest	938,204
Dividends	423,861
Real Estate Income	97,423
Securities Lending Income	142,249
Other	83
Less:	
Investment Expense	(42,946)
Securities Lending Rebates and Fees	(126,793)
Investment Income Distributed to Other Funds	(162,579)
Net Investment Income	7,492,064
Interest on Prior Service Receivable	154,842
Miscellaneous Income	134
Operating Transfer In	206,613
Total Additions	8,821,858
Deductions	
Benefits and Refunds:	
Retirement, Disability, and Beneficiary	1,330,661
Separations	39,291
Total Benefits and Refunds	1,369,952
Disability Insurance Premiums	13,677
Administrative Expense	9,514
Total Deductions	1,393,144
Net Increase (Decrease)	7,428,714
Fund Balance Reserved for Pension Benefits - Beginning of Year	40,280,845
Fund Balance Reserved for Pension Benefits - End of Year	$ 47,709,559

The notes to the financial statements are an integral part of this statement.

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes - University of Wisconsin System For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Unrestricted	Restricted	Totals
Revenues:			
Tuition and Fees	$ 495,458	$ -	$ 495,458
Federal Appropriations	14,637	-	14,637
Federal Grants and Contracts	70,206	258,072	328,277
State Grants and Contracts	12	13,852	13,864
Local Grants and Contracts	14	7,262	7,276
Private Gifts, Grants and Contracts	6,714	182,020	188,733
Endowment Income	1,421	7,487	8,908
Sales and Services of Educational Activities	141,006	-	141,006
Sales and Services of Auxiliary Enterprises	196,222	-	196,222
Sales and Services to Hospital Authority	-	30,178	30,178
Other Sources	101,474	4,460	105,935
Total Revenues	1,027,164	503,331	1,530,495
Expenditures and Mandatory Transfers:			
Educational and General			
Instruction	615,008	46,155	661,163
Research	114,278	301,498	415,775
Public Service	135,142	46,292	181,434
Academic Support	205,129	6,250	211,379
Farm Operations	9,646	-	9,646
Student Services	163,311	11,062	174,373
Institutional Support	117,860	3,536	121,396
Operation and Maintenance of Plant	135,922	687	136,609
Financial Aid	89,858	67,809	157,667
Total Educational and General	1,586,154	483,289	2,069,443
Auxiliary Enterprises	172,542	168	172,709
Cost of Services Provided to UW Hospital Authority	212	30,027	30,238
Mandatory Transfers:			
Debt Service on Academic Facilities	82,114	13	82,127
Debt Service on Self-Amortizing Facilities	11,102	1,571	12,673
Debt Service on Hospital Facilities	-	4,018	4,018
Student Loan Matching	762	-	762
Total Mandatory Transfers	93,978	5,602	99,580
Total Expenditures and Mandatory Transfers	1,852,885	519,085	2,371,970
Other Transfers, Additions (Deductions):			
Operating Transfers In	852,935	15,754	868,689
Operating Transfers Out	(4,596)	-	(4,596)
Excess of Restricted Receipts Over Expenditures	-	46,141	46,141
Nonmandatory Transfers	44	2,146	2,190
Plant Additions	(13,663)	(33,944)	(47,607)
Other	(6)	80	74
Net Other Transfers, Additions (Deductions)	834,714	30,177	864,891
Equity Transfer to UW Hospital Authority	(60,808)	-	(60,808)
Prior Period Adjustments	(1,038)	3,645	2,606
Net Increase (Decrease) in Fund Balance	$ (52,853)	$ 18,067	$ (34,786)

The notes to the financial statements are an integral part of this statemer

Combined Statement of Changes in Fund Balances - University of Wisconsin System For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
Revenues and Other Additions:					
Unrestricted Current Funds Revenues	$ 1,027,164	$ -	$ -	$ -	$ -
Grants and Contracts	-	347,798	-	-	-
Restricted Gifts Received	-	257,957	742	199	-
Investment Income - Restricted	-	460	344	-	975
Endowment Income - Restricted	-	7,155	268	-	-
Federal Reimbursement of Loan Cancellations	-	-	396	-	-
Delinquent Loan and Collection Penalty	-	-	560	-	-
U.S. Government Advances	-	-	79,589	-	-
Interest Accrued on Loans Outstanding	-	-	3,607	-	-
Gain on Sale of Securities	-	-	-	12,637	-
Proceeds from the Sale of Notes and Bonds	-	-	-	-	61,399
Retirement of Indebtedness	-	-	-	-	58,721
Additions to Land, Buildings and Improvements	-	-	-	-	83,575
Equipment and Library Acquisitions (Net of Disposals)	-	-	-	-	43,929
Gifts-in-Kind	-	-	-	-	4,835
Other Additions	-	4,039	491	-	2,336
Total Revenues and Other Additions	1,027,164	617,408	85,996	12,836	255,770
Expenditures and Other Deductions:					
Current Funds Expenditures	1,758,907	513,483	-	-	-
Indirect Costs Recovered	-	67,916	-	-	-
Loan Cancellations and Write-offs	-	-	1,347	-	-
Federal Direct Loans Granted	-	-	78,068	-	-
Administrative Allowances-Perkins Loans	-	-	703	-	-
Administrative Expenses	-	-	926	-	-
Notes and Bonds Issued	-	-	-	-	61,399
Expended for Plant Facilities	-	-	-	-	104,220
Disposal of Plant Facilities	-	-	-	-	2,475
Retirement of Indebtedness	-	-	-	-	58,721
Interest on Indebtedness	-	-	-	-	44,119
Other Deductions	6	(59)	834	2	2,547
Total Expenditures and Other Deductions	1,758,913	581,340	81,877	2	273,481

(Continued)

Combined Statement of Changes in Fund Balances - University of Wisconsin System For the Fiscal Year Ended June 30, 1997

(Continued)

	Current Funds			Endowment and Similar	
	Unrestricted	Restricted	Loan Funds	Funds	Plant Funds
Transfers Among Funds:					
Operating Transfers In	852,935	15,754	-	-	4,885
Operating Transfers Out	(4,596)	-	-	-	(1,879)
Mandatory Transfers:					
Debt Service on Academic Facilities	(82,114)	(13)	-	-	82,127
Debt Service on Self-Amortizing Facilities	(11,102)	(1,571)	-	-	12,673
Debt Service on Hospital Facilitie	-	(4,018)	-	-	4,018
Student Loan Matching	(762)	-	762	-	-
Nonmandatory Transfers	44	2,146	218	(2,408)	-
Transfers from Current Funds to Plant Funds	(13,663)	(33,944)	-	-	47,607
Net Transfers Among Funds	740,742	(21,645)	980	(2,408)	149,431
Fund Balance Adjustments:					
Capital Lease Receivable (UW Hosptial Authority)	-	-	-	-	37,815
Change in Capital Leases and Installment Debt	-	-	-	-	6,149
Net Fund Balance Adjustments	-	-	-	-	43,965
Net Increase (Decrease) for the Yea	8,993	14,423	5,099	10,426	175,685
Fund Balances, Beginning of Yea Restated	197,042	28,901	156,257	181,979	2,487,971
Fund Balances, End of Yea	$ 206,035	$ 43,323	$ 161,356	$ 192,405	$ 2,663,656

The notes to the financial statements are an integral part of this statemer

Notes To The Financial Statements

Index

		Page
Note 1 -	**Summary of Significant Accounting Policies**	36
A.	Basis of Presentation	36
B.	Financial Reporting Entity	36
C.	Fund Structure	38
D.	Basis of Accounting	39
E.	Budgets	40
F.	Cash and Cash Equivalents	41
G.	Investments	41
H.	Interfund Assets/Liabilities	41
I.	Inventories and Prepaid Items	42
J.	Fixed Assets	42
K.	Mortgage and Other Loans	42
L.	Deferred Charges	42
M.	Deferred Revenue	43
N.	Fund Equity Reserves	43
O.	Local Assistance Aids	43
P.	Compensated Absences	43
Q.	Restricted and Limited Use Assets	44
R.	Self-Insurance	44
S.	Forestation State Tax	44
T.	Total Columns - Memorandum Only	44
Note 2 -	**Budgetary-GAAP Reporting Reconciliation**	45
Note 3 -	**Deposits and Investments**	46
A.	Deposits	46
B.	Investments	46
C.	Lottery Investments and Related Future Price Obligations	53
Note 4 -	**Fixed Assets**	54
Note 5 -	**Changes in Long-Term Obligations Reported in the General Long-Term Debt Ac**	55
Note 6 -	**Bonds, Notes and Other Financing Agreements Payable**	56
A.	General Obligation Bonds	56
B.	Revenue Bonds	58
C.	University of Wisconsin System	62
D.	Refundings and Early Extinguishments	63
E.	Short-Term Financing	65
F.	Certificates of Participation	66
G.	Arbitrage Rebate	66
H.	Moral Obligation Debt	67
I.	Credit Agreements	67
Note 7 -	**Lease Commitments**	68
A.	Capital Leases	68
B.	Operating Leases	69
Note 8 -	**Installment Purchases**	69
Note 9 -	**Segment Information and Condensed Financial Data**	70

		Page
Note 10 -	**Interfund Assets/Liabilities**	73
A.	Due from/to Other Funds	73
B.	Due to/from Component Units	74
C.	Interfund Loans Receivable/Payable	75
D.	Advances to/from Other Funds	75
Note 11 -	**Interfund Transfers**	76
A.	Residual Equity Transfers	76
B.	Operating Transfers	77
Note 12 -	**Restatements of Beginning Fund Balance/Retained Earnings and Other Change**	78
Note 13 -	**Fund Equity**	80
Note 14 -	**Deficit Fund Balances/Retained Earnings and Excess of Expenditures over Appropriations**	81
A.	Deficit Fund Balances/Retained Earnings	81
B.	Excess of Expenditures over Appropriations	81
Note 15 -	**Contributed Capital**	81
Note 16 -	**Retirement Plan**	82
Note 17 -	**Other Postemployment Benefits**	84
Note 18 -	**Public Entity Risk Pools Administered by the Department of Employe Trust Fun**	85
A.	Description of Funds	85
B.	Accounting Policies for Risk Pools	85
C.	Unpaid Claims Liabilities	86
D.	Trend Information	86
Note 19 -	**Self-Insurance**	87
Note 20 -	**Insurance Funds**	88
A.	Local Government Property Insurance Fund	88
B.	State Life Insurance Fund	89
C.	Patients Compensation Fund	90
D.	Health Insurance Risk Sharing Plan	90
E.	Wisconsin Health Care Liability Insurance Plan	91
Note 21 -	**Litigation, Contingencies and Commitments**	92
A.	Litigation and Contingencies	92
B.	Commitments	94
Note 22 -	**Subsequent Events**	95

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the University of Wisconsin System have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

B. Financial Reporting Entity

For GAAP purposes, the State of Wisconsin includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities and universities. The State has also considered all potential "component units" for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the State's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity,* which include the ability to appoint a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

Based upon the application of the criteria contained in GASB Statement No. 14, the Wisconsin Public Broadcasting Foundation, Inc. is reported as a blended component unit; and the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan and the University of Wisconsin Hospitals and Clinics Authority are presented as discrete component units, as discussed below.

Complete financial statements of the individual component units that issue separate statements can be obtained from their respective administrative offices:

Wisconsin Public Broadcasting Foundation Inc.
Wisconsin Educational Communications Board
3319 West Beltline Highway
Madison, WI 53702

Wisconsin Housing and Economic Development Authority
201 West Washington Avenue, Suite 700
Madison, WI 53702

Wisconsin Health Care Liability Insurance Plan
Office of the Commissioner of Insurance
121 East Wilson Street, 1st Floor
Madison, WI 53702

University of Wisconsin Hospitals and Clinics Authority
205 WARF Building
610 Walnut Street
Madison, WI 53705

Blended Component Units

Blended component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. The blended component unit serves or benefits the primary government. They are reported as part of the State and blended into the appropriate funds.

Wisconsin Public Broadcasting Foundation, Inc. - The Wisconsin Public Broadcasting Foundation, Inc. (Foundation), created in 1983 by the Wisconsin Legislature, is a private, nonstock, nonprofit Wisconsin Corporation, wholly owned by the Wisconsin Educational Communications Board (ECB), a unit of the State. The Foundation solicits funds in the name of, and with the approval of, the ECB. The Foundation's funds are managed by a five member board of trustees consisting of the executive director of the ECB and four members of the ECB board. In addition to accountability for fiscal matters, the State has the ability to significantly influence operations of the Foundation through legislation. The Foundation is reported as an enterprise fund.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units' column of the combined financial statements include financial data of these entities. One of the component units reports on a fiscal year ended December 31.

Wisconsin Housing and Economic Development Authority - The Wisconsin Housing and Economic Development Authority (Authority) was established by the Wisconsin Legislature in 1972 to help meet the housing needs of Wisconsin's low and moderate income citizens. The State has significantly expanded the scope of services of the Authority by adding programs which include financing for farmers and for economic development projects. While the Authority receives no State tax dollars for its bond-supported programs and the State is not liable on bonds the Authority issues, the State has the ability to significantly influence operations of the Authority through legislation. The State appoints the Authority's Board and has the ability to impose its will on the Authority.

Wisconsin Health Care Liability Insurance Plan - The Wisconsin Health Care Liability Insurance Plan (Plan) was established by rule of the Commissioner of Insurance of the State of Wisconsin to provide health care liability insurance and liability coverage normally incidental to health care liability insurance to eligible health care providers in the State. Eight out of 13 members of the Board of Directors are appointed by the Governor, and the State has the ability to impose its will upon the Plan. The Plan reports on a fiscal year ended December 31.

University of Wisconsin Hospitals and Clinics Authority – The University of Wisconsin Hospitals and Clinics Authority (Hospital) is a not-for-profit academic medical center. The Hospital operates an acute-care hospital with approximately 480 available beds, numerous specialty clinics, and seven ambulatory facilities providing comprehensive health care to patients, education programs, research and community service to residents of southern Wisconsin. Prior to June 1996, the Hospital was a unit of the University of Wisconsin-Madison. In June 1996, in accordance with legislation enacted by the State Legislature, the Hospital was restructured as a Public Authority, a public body corporate and politic created by State statutes. Eleven of the thirteen members of the Hospital's Board of Directors are appointed by the State.

The legislation that created the Hospital Authority also provided, among other things, for the Board of Regents of the University of Wisconsin System to execute various agreements with the Hospital. These agreements include an Affiliation Agreement, a Lease Agreement, a Conveyance Agreement and a Contractual Services Agreement and Operating and Service Agreement.

The Affiliation Agreement requires the Hospital to continue to support the educational, research and clinical activities of the University of Wisconsin-Madison, which are administered by the Hospital. Under the terms of a Lease Agreement, the Hospital leases facilities, which were occupied by the Hospital as of June 29, 1996 (see Note 7A to the financial statements). Under a Conveyance Agreement, certain assets and liabilities related to the Hospital were identified and transferred to the Hospital effective July 1, 1996. Subject to the Contractual Services Agreement and Operating and Service Agreement between the Board of Regents and the Hospital, the two parties have entered into contracts for the continuation of services in support of programs and operations.

Related Organizations

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Financial statements are available from the respective organizations.

Wisconsin Health and Educational Facilities Authority - a public body politic and corporate that provides financing for capital expenditures and refinancing of indebtedness for Wisconsin health care and educational institutions.

Bradley Center Sports and Entertainment Corporation - a public body politic and corporate that operates the Bradley Center.

World Dairy Center Authority - an authority created to establish a center for the development of dairying in the United States and the world; to analyze worldwide trends in the dairy industry and recommend actions to be taken by the State; promote dairy cattle, technology, products and services; and develop new markets for dairy and dairy-related products.

Wisconsin Advanced Telecommunications Foundation - organized as a nonstock corporation, administers an endowment fund to support advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced services.

C. Fund Structure

The State uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly effect net expendable available financial resources.

The financial activities of the State are recorded in the fund types and account groups identified below.

Governmental Fund Types

General Fund - the primary operating fund of the State used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds - used to account for the acquisition or construction of major State-owned capital facilities.

Debt Service Funds - used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

Proprietary Fund Types

Enterprise Funds - used to account for operations where the State's intent is that the cost of providing goods or services to the general public be financed or recovered primarily through user charges or where the periodic determination of net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Internal Service Funds - used to account for the operations of State agencies which render services or provide goods to other State units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds - used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds and (d) agency funds.

Account Groups

General Fixed Assets Account Group - used to account for fixed assets of the State not accounted for in specific proprietary or trust funds.

General Long-term Debt Account Group - used to account for the unmatured general long-term liabilities of the State, except for debt accounted for directly in proprietary or trust funds.

University Funds

The University of Wisconsin System is comprised of 13 State-owned universities, 13 two-year colleges, the University of Wisconsin-Extension and the System Administration. The accounts of the University of Wisconsin System are maintained in accordance with the concept of fund accounting; resources are segregated for control purposes in discrete funds in accordance with specified activities or objectives. Separate accounts are maintained for each fund. Funds are classified into the five groups described below. Included in these funds are the accounts of the Wisconsin State Colleges Building Corporation and the Wisconsin University Building Corporation. These corporations were established by the Wisconsin Legislature as a means for financing capital improvements at a time when the State Constitution prohibited the contracting on public debts. These corporations were empowered to borrow money to construct, equip and furnish buildings, structures, facilities and permanent improvements for the University of Wisconsin and the former State Universities. Upon debt retirement, the corporations deed the property titles to the State.

Current Funds - are those resources which are available for current operating purposes. They are further designated as either "Unrestricted" or "Restricted." Unrestricted current funds consist of those funds over which the governing board retains full control for use in achieving its authorized institutional purposes. Restricted current funds are limited to specific purposes, programs or departments as specified in agreements with donors or agencies external to the University of Wisconsin System.

Loan Funds - consist of federal or institutional resources available for loans to students.

Endowment and Similar Funds - are funds with respect to which donors have stipulated as a condition of the gift, or management has determined, that the principal is to be maintained inviolate and invested for the purpose of producing income. Investment earnings on the principal amount are reported as endowment income in Current Funds and Loan Funds. Investment earnings and gifts which the governing board, rather than a donor, has elected to retain

and invest are transferred into the Endowment and Similar Funds group.

Plant Funds - are resources invested in and available for the acquisition of capital assets. Within the Plant Funds, separate fund balances are reported in three sub-groupings: accounts related to current capital projects; resources associated with the retirement of indebtedness; and the investment in plant, including land, buildings, equipment and library holdings.

Agency Funds - consist of deposits held by the University of Wisconsin System on behalf of student organizations, individual students or faculty members. University of Wisconsin System institutions act solely as an agent in handling these funds and transactions do not effect the operating statements.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing sources, and decreases, i.e., expenditures and other financing uses, in net available financial resources.

Proprietary funds, nonexpendable trust funds, pension trust funds, and discretely presented component units are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases, i.e., revenues, and decreases, i.e., expenses, in net total assets.

Governmental funds, expendable trust funds and agency funds are reported on the modified accrual basis of accounting. This basis of accounting recognizes revenues generally when they become measurable and available to pay current reporting period liabilities. Material revenue sources susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and federal revenues. Individual and corporate income taxes, sales taxes and other taxes received in July and August that relate to the prior fiscal year are accrued for that fiscal year ended June 30.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

- Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

- Employes' vested annual leave, compensatory time, personal holiday hours, Saturday/legal hours and sick leave are recorded as expenditures when utilized. Accumulated annual leave, compensatory time, personal holiday hours and Saturday/legal time and the long-term portion of accumulated sick leave unpaid at June 30, 1997 have been reported in the General Long-term Debt Account Group. (See Note 1-P to the financial statements.)

- Inventories are reported as expenditures when purchased. (See Note 1-I to the financial statements.)

Proprietary, nonexpendable trust and pension trust funds are reported on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

In reporting the financial activity of its proprietary funds, except for the State Life Insurance Fund, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The State Life Insurance Fund is reported as an insurance enterprise fund and, accordingly, applies the provisions of relevant pronouncements of FASB, including those issued after November 30, 1989.

The University of Wisconsin System's financial statements are reported on an accrual basis except that depreciation of the plant assets is not recorded, and Endowment and Similar Funds earnings are not accrued. In addition, revenues and expenditures of an academic term that spans two fiscal years are reported totally within the fiscal year in which the program is predominantly conducted.

Component Units

The University of Wisconsin Hospitals and Clinics Authority (the Hospital) applies the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide, *Audits of Providers of Health Care Services*. In applying GAAP, the Hospital has elected to apply the provisions of relevant pronouncements of FASB.

E. Budgets

The State's biennial budget is prepared primarily on a mixture of cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration, Division of Executive Budget and Finance, and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The final budget is primarily a general purpose revenue and expenditure budget. General purpose revenues consist of general taxes and miscellaneous receipts which are paid into the General Fund, lose their identity, and are then available for appropriation by the Legislature. The remaining revenues consist of program revenues, which are credited by law to an appropriation to finance a specified program or State agency, and segregated revenues which are also paid into separate identifiable funds.

While State departments and agencies are required to submit estimates of expected revenues for program revenue and segregated revenue categories, these estimates are not formally incorporated into the adopted budget except for revenues of the Lottery Fund. As a result, legally budgeted revenues for these categories are not available and, consequently, actual amounts are reported in the budget column in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis).

Expenditure budgeting differs for the various types of appropriations. For most appropriations, budgeted expenditures equal the amount from the adopted budget plus any subsequent legislative or administrative revisions. However, for continuing program revenue and segregated revenue appropriations, the amounts in the adopted budget are only an estimate of probable expenditures for the year. State statutes limit actual expenditures to the amount of available revenues. Consequently, for these types of appropriations, reported budgeted expenditures equal the amount of revenues received during the year plus any balances carried forward from the previous year. While State statutes prohibit spending beyond budgetary authority, a provision is made to include the value of accounts receivable, inventories and work in process in identifying the available revenues. The State also utilizes nonbudget accounts for which no budget is established but expenditures may be incurred. As a result, actual expenditures may exceed budgeted amounts in certain categories.

Budgets are required by State law for the statutorily defined General Fund, and certain special revenue and trust funds. The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutory required fund structure which differs extensively from the fund structure used in the nonbudgetary financial statements. This difference is primarily caused by the elimination of the University of Wisconsin System, and various fiduciary, proprietary and other governmental fund category activity from the statutory General and Special Revenue funds. Consequently, a reconciliation between budgetary basis and GAAP basis is provided in Note 2 to the financial statements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) reports expenditures by function for the General Fund and all budgetary special revenue funds. (The Employe Trust Funds Administration and the Environmental Local Assistance funds are extracted from other statutory fund types and are not considered special revenue funds under budgetary reporting.) While budgetary control for the reported funds is maintained at the appropriation level as specified by the Legislature in Chapter 20 of the Wisconsin Statutes, this level of detail is impractical for inclusion in the Comprehensive Annual Financial Report. Accordingly, a supplementary report is available upon request which provides budgetary comparisons at the legal level of control.

The Capital Projects funds and Debt Service funds are not included in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis). A comprehensive budget is not approved for the Capital Projects funds. Debt service expenditures reported in the Debt Service funds are budgeted through appropriations in the General Fund and the Special Revenue funds. The Operating Transfers In of $212.2 million reported in the Bond Security and Redemption Fund of the Debt Service funds primarily represent the appropriations from these other funds.

The legal level of budgetary control for Wisconsin is at the function, agency, program, appropriation-level. Expenditure control is monitored through the use of allotments. Allotments are required for all appropriations and are utilized to establish spending limits. The State Controller's Office reviews all expenditures to ensure compliance with these spending guidelines. Initial allotments are prepared by the Division of Executive Budget and Finance with input from State agencies. Supplemental appropriations require the approval of the Joint Finance Committee of the Legislature. Routine adjustments, such as pay plan supplements and rent increases, are distributed by the Division of Executive Budget and Finance from non-agency specific appropriations authorized by the Legislature. Various supplemental appropriations were approved during the year and have been incorporated into the budget figures.

Appropriation unexpended balances lapse at year end or forward to the subsequent fiscal year depending on the type of appropriation involved:

- *Continuing* - unexpended balances automatically forward to ensuing years until fully depleted or repealed by subsequent action of the Legislature.
- *Annual*:
  - *General Purpose Revenue* - unencumbered balances lapse at year end.
  - *Program Revenue* - unexpended balances may be forwarded to the next fiscal year.
- *Biennial* - unexpended balances or deficits automatically forward to the second year. At the end of the second year all unencumbered general purpose revenue balances lapse.
- *Sum sufficient* - moneys are appropriated and expended in the amounts necessary to accomplish the purpose specified.

Encumbrance accounting is utilized in the General, Special Revenue, Capital Projects, and Trust funds and the University of Wisconsin System. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances may be carried over to the next fiscal year as a revision to the budgetary appropriation with Department of Administration approval. Under budgetary reporting, encumbrances are treated like expenditures and are shown as a reduction of fund balance. Under GAAP reporting, encumbrances outstanding at year end for purchase orders and contracts expected to be honored in the following year are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

F. Cash and Cash Equivalents

Cash balances of most funds are deposited with the State Treasurer where the available balances beyond immediate needs are pooled in the State Investment Fund for short-term investment purposes. Balances pooled are restricted to legally stipulated investments valued at amortized cost. Cash balances not controlled by the State Treasurer may be invested where permitted by statute.

Cash and cash equivalents, reported on the balance sheet and statement of cash flows, include bank accounts, petty cash, cash in transit, short-term investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements and individual funds' shares in the State Investment Fund.

G. Investments

Primary Government

The State may invest in direct obligations of the United States and Canada, securities guaranteed by the United States, certificates of deposit issued by banks in the United States and solvent financial institutions in the State, commercial paper and nonsecured corporate notes and bonds, bankers acceptances, participation agreements, privately placed bonds and mortgages, common and preferred stock and other securities approved by applicable sections of the Wisconsin Statutes, bond resolutions, and various trust indentures (see Note 3 to the financial statements).

Investments are generally stated at lower of cost or market, or amortized cost, depending on the fund type, except for the Pension Trust Fund whose investments are reported at fair value, in accordance with Wis. Stat. Sec. 25.17(14), and the State's Deferred Compensation Plan whose investments are reported at market. Monthly, the investments of the Pension Trust Fund are adjusted to fair value, with unrealized gains and losses reflected in the Statement of Changes in Plan Net Assets.

Component Units

Effective July 1, 1996, the Wisconsin Housing and Economic Development Authority (the Authority) adopted the Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Investments of the Authority are reported at fair value based on quoted market prices. Collateralized and uncollateralized investment agreements are not transferable and are considered nonparticipating contracts. As such, both types of investment agreements are reported at contract value.

Investments of the University of Wisconsin Hospitals and Clinics Authority (the Hospital) in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

H. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balance sheet classifies these receivables and payables as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Loans Receivable" or "Interfund Loans Payable." Long-term interfund loans are classified as "Advances to Other Funds" and "Advances from Other Funds."

Transactions that occur between the primary government and component units are classified as "Due to/from Primary Government" and, correspondingly, "Due to/from Component Units".

I. Inventories and Prepaid Items

Inventories of governmental and proprietary funds are valued at cost, which approximates market, using the first-in/first-out or weighted-average method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Inventories of the University of Wisconsin System held by central stores are valued at average cost, fuels are valued using the first-in/first-out method, and other inventories held by individual institutional cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently applied from year to year.

In addition to inventories reported in the accompanying financial statements, the State had food commodities inventories valued at $1.2 million at June 30, 1997.

Prepaid items reflect payments for costs applicable to future accounting periods.

The fund balances of governmental fund types and expendable trust funds are reserved for inventories and prepaid items, except in cases where prepaid items are offset by deferred revenues, to indicate that these accounts do not represent expendable available financial resources.

J. Fixed Assets

General fixed assets are recorded as expenditures in the governmental funds and capitalized in the General Fixed Assets Account Group and are valued at cost or estimated historical cost if historical cost is not practicably determinable. Donated fixed assets are recorded at their fair value at the time received. Of the $1,542.6 million total fixed assets at June 30, 1997, 59 percent were valued using historical cost and 41 percent were valued using estimated historical cost. Public domain (infrastructure) fixed assets such as highways, bridges and rights of way are not capitalized. In addition, interest is not capitalized on constructed general fixed assets. General fixed assets are not depreciated.

Proprietary and similar trust fund fixed assets are valued at cost or estimated historical cost if cost is not practicably determinable. Donated fixed assets are valued at their fair value at the time received. In accordance with Financial Accounting Standards Board (FASB) Statement No. 62, the State has adopted the policy of capitalizing net interest costs on funds borrowed to finance the construction of fixed assets, where appropriate.

Straight-line depreciation is taken on fund fixed assets with the following estimated useful lives:

Buildings and improvements	5 - 40 years
Equipment, machinery and furnishings	2 - 25 years

Fixed assets of the University of Wisconsin System are reported at cost at date of acquisition. Donated fixed assets are reported at fair value at the time received. Fixed assets of the University of Wisconsin System are not depreciated.

Property, plant and equipment of the University of Wisconsin Hospitals and Clinics Authority (a discretely presented component unit) are stated at cost. Donated assets are recorded at fair market value at the date of donation. Straight-line depreciation is taken over the estimated useful lives of the assets.

K. Mortgage and Other Loans

Mortgage loans of the Wisconsin Housing and Economic Development Authority, a component unit, are carried at their unpaid principal balance, less allowance for possible loan losses. Loan origination fees and associated costs are deferred and recognized as income over the life of the loan using the effective interest method.

Mortgage loans of the Veterans Mortgage Loan Repayment Bonds program, an enterprise fund, are stated at the outstanding loan balance with origination fees and associated costs deferred and recognized over a fifteen year period using the straight-line method.

L. Deferred Charges

The most significant deferred charges are debt issuance costs. Significant deferred charges for the State include:

Debt issuance costs of the Wisconsin Housing and Economic Development Authority, a component unit, are amortized ratably over the life of the obligations to which they relate.

Issuance costs relating to revenue obligations of the Clean Water Fund, an enterprise fund, were capitalized and are being amortized using the effective interest rate method.

Issuance costs relating to general obligation bonds of the Veterans Mortgage Loan Repayment Fund, an enterprise fund, are amortized ratably over the life of the obligations to which they relate. Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest rate method.

The University of Wisconsin System's debt issuance costs are amortized ratably over the life of the obligations to which they relate.

Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest method.

M. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenues arise when resources are received by the State before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Revenues are also deferred in governmental funds and expendable trust funds for amounts that are not yet available to pay current reporting period liabilities.

The majority of the $566.5 million deferred revenues presented in the accompanying financial statements consists of $426.4 million reported within the General Fund. This amount includes $304.6 million relating to tax revenues received in advance of the year in which earned.

Deferred revenues of the University of Wisconsin System consist of payments received but not earned at June 30, 1997, primarily for summer session tuition, tuition and room deposits for the next fall term, and advance ticket sales for upcoming intercollegiate athletic events.

N. Fund Equity Reserves

Reservations of fund balance represent amounts that are not appropriable for expenditures or that are legally segregated for a specific purpose. Reservations of retained earnings reflect legal restrictions on the use of assets. Details related to the make-up of reserved fund balances and retained earnings are reported in Note 13.

O. Local Assistance Aids

Municipal and County Shared Revenue Program

Through the Municipal and County Shared Revenue Program, the State distributes general revenues collected from general State tax sources to municipal and county governments to be used for providing local government services. State statutes require that payment to local governments be made during July and November.

At June 30, 1997, the State was liable to various local governments for unpaid shared revenue aid. To measure the amount of the program allocable to the State's fiscal year, the amount is prorated over portions of recipient local governments' calendar fiscal years which are within the State's fiscal year. The result is that a liability of $504.3 million representing one-half of the total appropriated amount is reported at June 30, 1997 as Due To Other Governments.

State Property Tax Credit Program

At June 30, 1997, the State was liable to various taxing jurisdictions for property tax credits paid through the State Property Tax Credit Program. Under the program, payments to local taxing jurisdictions provide property tax relief directly to taxpayers in the form of State credits on individual property tax bills. State statutes require that payment to local taxing jurisdictions be made during July. Although the property tax credit is calculated on the property tax levy for school purposes, the State's July payment is paid to an administering municipality who treats the payment the same as other tax collections and distributes the collections to the various tax levying jurisdictions (e.g., cities; towns; villages; school districts; technical colleges).

The school portion of the property tax credit liability represents the amount of the July payment earned over the school districts' previous fiscal year ended June30. Since the entire school districts' portion of the July payment occurs within the State's fiscal year, 100 percent of the July payment relating to the school taxing jurisdictions' levy is reported as a liability at June 30, 1997.

The general government portion of the property tax credit liability represents the amount of the July payment prorated over the portion of the local governments' calendar year which is within the State's fiscal year. The result is that 50 percent of the July payment based on the general government taxing jurisdictions' levy is reported as a liability at June 30, 1997.

The aggregated State Property Tax Credit Program liability of $360.2 million is reported in the General Fund as Due to Other Governments.

P. Compensated Absences

Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences,* an accrual for certain salary-related payments associated with annual leave and an accrual for sick leave is included in the compensated absences liability at year end.

Annual Leave

Full-time employes' annual leave days are credited on January 1 of each calendar year at a minimum of 10 days per year. There is no requirement to use annual leave. However, unused leave is lost unless approval to carry over the unused portion is obtained from the employing agency. Compensatory time accumulates for eligible employes for hours worked in excess of forty hours per week. Each full-time employe is eligible for three and one-half personal holidays each calendar year, provided the employe is in pay status for at least one day in the year. If a holiday occurs on a Saturday, employes receive leave time proportional to their working status to use at their discretion.

The State's compensated absence liability at June 30 consists of accumulated unpaid annual leave, compensatory time, personal holiday hours, and Saturday/legal hours earned and vested during January through June. The liability is reported in the General Long-term Debt Account Group for all governmental fund types and similar trust funds. These unpaid amounts will be paid from expendable resources provided for in the budget of future years. In the proprietary fund types and similar trust funds, component units, and the University of Wisconsin System, the obligation is reported as a fund liability.

Sick Leave

Full-time employes earn sick leave at a rate of four hours per pay period. Unused sick leave is accumulated from year to year without limit until termination or retirement. Accumulated sick leave is not paid. However, at employe retirement the accumulated sick leave may be converted to pay for the retiree's health insurance premiums. The State accumulates resources to pay for the expected health insurance premiums of retired employes. That portion of the total health insurance obligation for which the State has already accumulated resources is presented in the Accumulated Sick Leave Fund, an expendable trust fund, while the remaining portion is reported in the General Long-term Debt Account Group.

Q. Restricted and Limited Use Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been reported as Restricted and Limited Use Assets. These assets are classified into two categories: Cash and Cash Equivalents, and Investments.

R. Self-Insurance

Consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* the State's risk management activities are reported in an internal service fund, and the claims liabilities associated with that fund are reported therein.

The State's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, State management believes it is more economical to manage its own risks internally. The Risk Management Fund, an internal service fund, is used to pay for losses incurred by any State agency and for administrative costs incurred to manage a state-wide risk management program. These losses include damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employe, and worker's compensation costs for State employes. A limited amount of insurance is purchased to limit the exposure to catastrophic losses. Annually, a charge is allocated to each agency for its proportionate share of the estimated cost attributable to the program per Wis. Stat. Sec. 16.865(8).

S. Forestation State Tax

The State levies an annual tax of two-tenths of one mill for each dollar of the assessed valuation of the property in the State, as described in Wis. Stat. Sec. 70.58. This tax is levied for the purpose of acquiring, preserving and developing the forests of the state; for forest crop law and county forest law administration and aid payments; and for the acquisition, purchase and development of forests. The proceeds of the tax are paid to the Conservation Fund.

This tax is levied to each county on or before the fourth Monday in August of each year on assessed valuation as of January 1 of that year. The tax is due and payable January 31 or on the due dates established through an installment option permitted under Wis. Stat. Sec. 74.12.

T. Total Columns - Memorandum Only

Total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. BUDGETARY-GAAP REPORTING RECONCILIATION

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds presents comparisons of the legally adopted budget (more fully described in Note 1-E to the financial statements) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of basis, timing, perspective and entity differences in the fund balance as of June 30, 1997 is presented below (in thousands):

	General	Special Revenue
Fund balance June 30, 1997 (budgetary basis – budgetary fund structure) as reported on budget to actual combined statement	$ 397,252	$ 28,140
Reclassifications:		
To eliminate outstanding encumbrances from expenditures	255,472	610,083
To reclassify activities reported in another GAAP fund type	(243,056)	(4,785)
Fund balance June 30, 1997 (GAAP fund structure – budgetary basis, excluding encumbrances outstanding at year end)	409,669	633,439
Adjustments:		
To adjust expenditures for the municipal and county shared revenue program	(504,309)	
To adjust expenditures for State property tax credit program	(360,246)	
To accrue/defer revenues for individual income taxes (net)	(251,226)	
To defer revenues for gross receipts public utility taxes	(277,381)	
To adjust revenues and expenditures for tax-related items and Other tax credit/aid programs (net)	(207,601)	(20,961)
To adjust expenditures for settlement of special performance dividend pension-related lawsuit	(215,000)	
To adjust expenditures for petroleum environmental cleanup claims		(191,094)
To accrue unpaid Medicaid claims (net of receivable from federal government)	(82,339)	
To adjust revenues and expenditures for other items (net)	15,679	21,642
Fund balance June 30, 1997 (GAAP basis)	$ (1,472,755)	$ 443,026

NOTE 3. DEPOSITS AND INVESTMENTS

The State maintains a short-term investment "pool", the State Investment Fund, for the State, its agencies and departments, and certain other public institutions which elect to participate. The investment "pool" is managed by the State of Wisconsin Investment Board (the Board) which is further authorized to carry out investment activities for certain enterprise, trust and agency funds. A small number of State agencies and the University of Wisconsin System also carry out investment activities separate from the Board. Disclosures of the State's investment activities are presented in the following categories: State Investment Fund, other funds managed by the Board, other State agencies and funds, the University of Wisconsin System, and component units.

A. Deposits

Primary Government

Deposits include cash and cash equivalents on deposit in banks or other financial institutions, and nonnegotiable certificates of deposit. The majority of the State's deposits are under the control of the State Treasurer. The State Treasurer maintains multiple accounts with an agreement with the bank that allows an overdraft in one account if the overdraft is offset by balances in other accounts.

The State's insured deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and an appropriation for losses on public deposits. The State, as required by Wis. Stat. Sec. 34.08, is to make payments to public depositors for proofs of loss up to $400 thousand per depositor above the amount of federal insurance. Payments are made, until the funds available in the appropriation are exhausted, in the order in which satisfactory proofs of loss are received by the State's Commissioner of Banking.

At June 30, 1997, the carrying amount of the primary government deposits was $(59.4) million and the bank balance was $118.2 million. Of the bank amount,

- $7.1 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name,
- $2.0 million was collateralized with securities held by the pledging institution's trust department or agent in the entity's name, and
- $109.1 million was uncollateralized and uninsured.

The State's unemployment compensation program had $1,559.0 million on deposit with the U.S. Treasury. This amount is presented as Cash and Cash Equivalents and is not included in the carrying amount of deposits nor is it categorized according to risk because it is neither a deposit with a financial institution nor an investment.

Petty cash and contingent accounts authorized under Wis. Stat. Sec 20.920, which are held by agencies and reported as "Cash and Cash Equivalents in the amount of $403 thousand, are not included in the carrying amount nor bank balance of deposits in this note because these are neither deposits nor investments.

Component Units

At June 30, 1997, the carrying amount of the component units' deposits was $55.9 million and the bank balance was $56.3 million of which $0.7 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name and $55.6 million was uncollateralized and uninsured.

B. Investments

Primary Government

State Investment Fund

This fund functions as the State's cash management fund by "pooling" the idle cash balances of all State funds and other public institutions. In the State's Comprehensive Annual Financial Report, the State Investment Fund is not reported as a separate fund; rather, each State fund's share in the "pool" is reported on the balance sheet as "Cash and Cash Equivalents." In addition, receivables of the State Investment Fund, totaling $8.9 million at June 30, 1997, are allocated among State funds and are presented as "Cash and Cash Equivalents." This amount is not included in the categorization of investments of the State Investment Fund. Shares of the fund belonging to other participating public institutions are presented in the Local Government Pooled Investment Fund, an agency fund.

Wis. Stat. Secs. 25.17(3)(b), (ba) and (bd) enumerate the various types of securities in which the State Investment Fund can invest, which include direct obligations of the United States and Canada, securities guaranteed by the United States, securities of federally chartered corporations such as the African Development Bank, unsecured notes of financial and industrial issuers, Yankee/Euro dollar issues, certificates of deposit issued by banks in the United States and solvent financial institutions in this State, and bankers acceptances. Other prudent investments may be approved by the State of Wisconsin Investment Board's Board of Trustees. The Board of Trustees has given standing authority to the Board to invest in resale agreements, financial futures contracts, options and interest rate swaps.

Derivative Financial Instruments

As of June 30, 1997, the State of Wisconsin Investment Board utilized various derivative financial instruments, including interest rate swap agreements, options, structured bonds with interest rate and redemption value altering components, and interest only strips, for the purpose of increasing yield in the fund. Derivative transactions involve, to varying degrees, market and credit risk.

Interest Rate Swap Agreements - As of June 30, 1997, the fund held a variety of types of interest rate swap agreements. Each swap transaction involves the exchange of interest rate payment obligations without the exchange of underlying principal amounts. The notional amounts used to express the volume of these transactions do not represent the amounts subject to risk, but represent the amount on which both parties calculate interest rate obligations. The settlement of the interest rate exchange occurs at predetermined dates, with the net difference between the interest paid and interest received reflected as bond interest. Entering into interest rate swap agreements subjects the fund to the possibility of financial loss in the event of adverse changes in market rates or nonperformance by the counterparty to the swap agreement. Credit risks arising from derivative transactions are mitigated by selecting creditworthy counterparties.

The fund holds two bonds with swap agreements attached. These bonds had an estimated fair value of $49.4 million and a carrying value of $50.0 million. In addition, the fund held two interest rate swap agreements, with notional amounts aggregating $45.0 million, that were not attached to a bond. The market value of the two swap agreements totaled $.8 million at June 30, 1997.

Restructured Investments - During fiscal year 1995, the State of Wisconsin Investment Board became aware of the existence of market exposure in certain swap agreements and structured bonds which could impair the earnings of the fund.

The State of Wisconsin Investment Board entered into agreements with two counterparties which resulted in the counterparties' assumption of all future market risk associated with ten swap agreements and two structured bonds. At the time of the agreement the counterparties assigned a market value to these investments of negative $95.3 million. Within this restructuring, one swap agreement requires periodic payments over a period of ten years, while the other agreement requires periodic payment of the loss over a period of five years. Interest costs associated with the periodic payment of the loss over time is estimated to be $24.8 million. Future period earnings will be charged as payments are made.

As of June 30, 1997, the market value of the restructured investments was negative $65.7 million while the amortized deferred loss was negative $65.3 million.

Structured Bonds – The fund held no structured bonds as of June 30, 1997. However, during the fiscal year, the fund held highgrade securities with a $181.8 million carrying value which were sold at a gain of $4.0 million.

Interest Only and Principal Only Strips – There were no interest only and principal only strips held on June 30, 1997. However, during the fiscal year, the fund held one mortgage backed security which was comprised of 18 separate interest only strips and one principal only strip. This security, which had a carrying value of $4.2 million, was sold at a loss of $.9 million.

The State of Wisconsin Investment Board has suspended the use of nonrisk reducing derivatives in the fund and investment guidelines prohibiting the use of such instruments were adopted by the Board on November 2, 1995.

Deposits

The State Investment Fund holds certificates of deposit at various Wisconsin banks as part of the Wisconsin Certificate of Deposit Program implemented in July 1987. As of June 30, 1997, the carrying value of these certificates of deposit was $198.9 million.

Approximately $198.9 million are Category 1 risk level deposits which are insured by the FDIC, the Wisconsin State Deposit Guarantee Fund and Financial Securities Assurance Corporation insurance.

Investments

All investments are valued at amortized cost for purposes of calculating income to participants.

The following table presents investments held by the State Investment Fund categorized in accordance with GASB Statement No. 3 requirements to indicate the level of risk assumed by the fund at year-end:

- Category 1 are those investments which are insured or registered, or securities which are held by the State Investment Fund in this fund's name or its agent in the name of this Fund.
- Category 2 are those investments which are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the State Investment Fund's name.
- Category 3 are those investments which are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the State Investment Fund's name.

At June 30, 1997, the State Investment Fund's investments are as follows (in millions):

	Category			Carrying	Fair
	1	2	3	Amount	Value
U.S. government and agency holdings	$ 2,937.0	--	--	$ 2,937.0	$ 2,942.2
Securities purchased under resale agreements	1,024.7	--	--	1,024.7	1,024.7
Commercial paper and nonsecured corporate notes and bonds	1,616.0	--	--	1,616.0	1,625.0
Asset backed securities	395.5	--	--	395.5	397.7
Mortgage backed securities	64.2	--	--	64.2	64.0
Restructured notes	35.0	--	--	35.0	18.2
Yankee/Euro dollar issue	292.1	--	--	292.1	292.7
	$ 6,364.5	--	--	6,364.5	6,364.5
Interest rate swaps				--	(55.2)
Certificates of deposit				198.9	198.9
				$ 6,563.4	$ 6,508.2

Market value information represents actual bid prices or the quoted yield equivalent at the end of the year for securities of comparable maturity, quality and type as obtained from one or more major market makers for such securities. Investments not having quoted market prices have been valued using pricing methods deemed acceptable by industry standards. In addition, securities with a par value of $12.7 million have been valued at par, which management believes approximates market value.

Other Funds Managed by the Board

Other investments under exclusive control of the Board which are not held in the cash management pool include those held by certain proprietary, trust and agency funds. A discussion of these investment activities follows:

Pension Trust Fund – This trust is a pooled fund consisting of retirement contributions made by and on behalf of participants in the Wisconsin Retirement System (WRS) (see Note 16 to the financial statements). At June 30, 1997, the Pension Trust Fund held $43,444.0 million of investments consisting of bonds, stocks, limited partnerships, real estate, mortgages and other investments valued at fair value in accordance with Wis. Stat. Sec. 25.17(14). Further, the Pension Trust Fund held $354.4 million of investments, which are reported as cash and cash equivalents.

In addition, $2,678.6 million of securities lending transactions were held at June 30, 1997. These transactions are categorized consistent with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Local Government Property Insurance, State Life Insurance, and Patients Compensation Funds - At June 30, 1997, investments of the funds were $.4 million for the Local Government Property Insurance Fund, $53.0 million for the State Life Insurance Fund, and $361.8 million for the Patients Compensation Fund, consisting of bonds and mortgages which are valued at amortized cost.

Historical Society Nonexpendable Trust Fund - At June 30, 1997, investments of $7.0 million consisted of bonds valued at the lower of cost or market value and stocks valued at cost.

The following table presents investments of these funds at June 30, 1997, categorized in accordance with the requirements of GASB Statement No. 3.

At June 30, 1997, the Other Funds Managed by the Board investments consisted of (in millions):

	Category			Carrying	Fair
	1	2	3	Amount	Value
Bonds	$ 8,338.8	$ --	$ --	$ 8,338.8	$ 8,346.1
Stocks	18,362.8	7.3	--	18,370.1	18,370.9
Repurchase Agreements	783.7	--	--	783.7	783.7
Bankers Acceptances	478.8	--	--	478.8	478.8
Other	0.1	--	--	0.1	0.1
	$ 27,964.2	$ 7.3	$ --	27,971.5	27,979.6
Options				50.4	50.4
Private Placements				2,754.8	2,756.2
Limited Partnerships				1,702.6	1,702.6
Pooled Equity Funds				9,212.3	9,212.3
Pooled Bond Funds				1,277.9	1,277.9
Mortgages				135.8	135.8
Real Estate				468.6	468.6
International				354.4	354.4
Investments Held by Broker Dealers Under Securities Loans:					
Bonds				1,546.8	1,546.8
Equities				1,024.1	1,024.1
Securities Lending Cash Collateral Pooled Investments				400.0	400.0
				$ 46,899.2	$ 46,908.7

Securities Lending Transactions – State statutes and State of Wisconsin Investment Board policies permit the use of investments to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for the same securities in the future. The securities custodian is an agent in lending the domestic and international securities for collateral of 102 percent and 105 percent, respectively, of the loaned securities' market value. The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines which are designed to insure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at June 30, 1997 are presented in the preceding schedule of custodial risk.

At year end, no credit risk exposure to borrowers existed because the amounts owed the borrowers exceeded the amounts the borrowers owed. The contract with the lending agent requires them to indemnify if the borrowers fail to return the loaned securities (and the collateral is inadequate to replace the securities lent).

The majority of securities loans can be terminated on demand, although the average term of the loans is approximately one week. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short term investments with a weighted average maturity of 11 days.

The ability to pledge or sell collateral securities cannot be made without a borrower default. In addition, no restrictions on the amount of the loans exist or can be made.

Derivative Financial Instruments in the Pension Trust Fund

As of June 30, 1997, the State of Wisconsin Investment Board utilized various derivative financial instruments, including forward contracts, options, and swap agreements, in the pension trust fund. All financial derivative instruments are reported at fair value, regardless of whether the instruments are held for trading or nontrading purposes. The instruments are marked to market monthly, with valuation changes recognized in income.

Foreign Currency Forwards and Options - The State of Wisconsin Investment Board's derivative trading activities primarily involve foreign currency forward contracts and options. Generally, foreign currency forwards and options are held to hedge market risk. Market risk is generally controlled by holding substantially offsetting purchase and sell positions.

Forward commitments represent obligations to purchase or sell, with the seller agreeing to make delivery at a specified future date and a specified price. Options on foreign currencies provide the holder the right, but not the obligation, to purchase (call) or sell (put) foreign currencies on a certain date at a specified price. The seller (writer) of an option contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

Hedge related foreign currency commitments at June 30, 1997 include (in millions):

Forward Contracts	Contract Amount	Fair Value
Assets	$ 2,378.9	$ 2,374.5
Liabilities	2,381.9	2,367.5

As of June 30, 1997, two foreign currency call options were also held to provide the pension trust fund enhanced earnings in the event of certain foreign currency fluctuations. There is no market risk associated with owning these instruments beyond the initial cost of their purchase.

Yield enhancing foreign currency commitments (in millions):

Options	Premiums Received (Paid)	Fair Value
Calls	$ (20.2)	$ 36.0

Other Options - Other options also are held for trading purposes. These option contracts give the purchaser of the contract the right to buy (call) or sell (put) the equity security or index underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time. The seller (writer) of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

The following schedule summarizes the other options held at June 30, 1997 (in millions):

Other Options	Premiums Received (Paid)	Fair Value
Purchased Put - Equity	$ (12.7)	$ 1.4
Purchased Calls - Equity	(20.7)	13.1

Interest Rate Swaps - As of June 30, 1997, no interest rate swaps were held. Swap transactions involve the exchange of interest rate or index rate payment obligations without the exchange of underlying principal amounts. The notional amounts used to express the volume of these transactions do not represent the amounts subject to risk, but represent the amount on which both parties calculate payment obligations. The settlement of payments occurs at predetermined dates with the net difference between the amount received and the amount paid reflected as bond interest. Entering into interest rate swap agreements subjects the investor to the possibility of financial loss in the event of adverse market changes or nonperformance by the counterparty to the swap agreement. Credit risks arising from derivative transactions are mitigated by selecting creditworthy counterparties.

Other State Agencies and Funds

The following funds also make investments following pertinent State statutes and policy provisions as set out by the appropriate governing boards or bond resolutions:

Public Service Commission - Investments at June 30, 1997, of $5.4 million consisted of money market funds which are reported in the General Fund.

Lottery Fund - Investments are all in the form of U.S. Treasury zero coupon bonds. At June 30, 1997 investments of $241.1 which meet Category 1 risk criteria.

Transportation Revenue Bond Funds - At June 30, 1997, the Transportation Revenue Bond Capital Projects Fund and the Transportation Revenue Bond Debt Service Fund had investments totaling $186.3 million. These investments meet Category 1 risk criteria.

Repurchase agreements with the program's financial institution requires the institution to take possession of collateral having a market value of at least 102 percent of the cost of the repurchase agreement.

Clean Water Fund - The fund's aggregate investments at June 30, 1997, were $183.9 million, of which $90.3 million are reported as cash equivalents consisting of a repurchase agreement which is a Category 2 level of risk. Investments of $93.6 million consist of government and agency holdings and satisfy Category 1 risk criteria.

The Wisconsin Public Broadcasting Foundation Fund - The fund's investments at June 30, 1997 were $3.8 million, consisting of $1.0 million of money market funds and $.3 million of mutual funds. In addition, the fund held $2.5 million of government holding, which meet the Category 1 risk criteria.

Health Insurance Risk Sharing Plan - At June 30, 1997, investments of $5.0 million consisted of government and agency holdings meeting Category 1 risk criteria.

Inmate and Resident Fund – At June 30, 1997, investments total $.1 million meeting risk Category No. 3.

At June 30, 1997, the State has approximately $223.7 million of investments which it holds for banks and insurance companies. These assets are held for the period of time specified by statute and then returned to their owner. The assets are presented in the *Bank and Insurance Company Deposits Fund* as "Other Assets". All investments meet risk Category 1.

Unclaimed property, usually in the form of stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks, are transferred periodically to the *Unclaimed Property Program Fund*.

The securities, presented as "Other Assets" on the financial statements, include $6.1 million of various investments which meet risk Category 1 and $1.5 million of mutual funds which meet risk Category 1.

The State's Section 457 *Deferred Compensation Plan Fund* investments, totaling $667.2 million at June 30, 1997, are in the form of equity securities, insured savings accounts and investment contracts with insurance companies.

The following table presents investments of the Other State Agencies and Funds at June 30, 1997, categorized in accordance with the requirements of GASB Statement No.3.

At June 30, 1997, the Other State Agencies and Funds' investments consisted of (in millions):

	Category			Carrying	Fair
	1	2	3	Amount	Value
Government and agency holdings	$ 654.6	$ --	$ .1	$ 654.7	$ 655.0
Municipal bonds	43.3	--	--	43.3	43.3
Commercial paper and nonsecured corporate notes and bonds	6.1	--	--	6.1	6.1
Repurchase agreements	51.5	90.3	--	141.8	141.8
Negotiable certificates of deposit	2.7	--	--	2.7	2.7
	$ 758.2	$ 90.3	$ .1	848.6	848.9
Mutual Funds				1.8	1.8
Money market funds				6.3	6.3
Deferred compensation investments				667.2	667.2
				$ 1,523.9	$ 1,524.2

University of Wisconsin System

The University of Wisconsin System investments of $196.7 million, with a fair value of $ 252.0 million, consist primarily of assets of endowment funds having a book value of $188.1 million, while current funds and loan funds have an aggregate book value of $8.6 million. Investments, which are Category 1 Risk level, of these funds at June 30, 1997, were comprised of the following:

	Carrying	Fair
Common and preferred stock	50.8%	61.5%
Bonds, notes and debentures	49.2	38.5
Total investments	100.0%	100.0%

Component Units

Wisconsin Housing and Economic Development Authority (Authority) - The Authority is required by statute to invest at least 50 percent of its General Fund funds in obligations of the State, of the United States, or of agencies or instrumentalities of the United States, or obligations the principal and interest of which are guaranteed by the United States, or agencies or instrumentalities of the United States. Each bond resolution specifies what constitutes a permitted investment and such investments may include obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper; bankers acceptances; and repurchase agreements and investment agreements.

The Authority's investments in mortgage-backed securities had a cost of approximately $59.2 million and a fair value (carrying amount) of approximately $47.9 million as of June 30, 1997. The Authority currently intends to hold such mortgage-backed securities until maturity or until they can be sold in more favorable market conditions. These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees which may result from a decline in interest rates.

The Authority's aggregate investments at June 30, 1997, were $545.6 million of which $161.4 million are reported as cash equivalents consisting of repurchase agreements, commercial paper, money market funds, and short-term investment agreements.

The Authority's investments except for uncollateralized investment agreements of $27.5 million are a Category 1 level of risk.

The Authority's investments in uncollateralized investment agreements are a Category 3 level of risk.

The Authority enters into collateralized investment contracts with various financial institutions. The investment contracts are generally collateralized by obligations of the United States government.

The Authority is also authorized to invest its funds in the State Investment Fund. The Authority has established a Master Repurchase Agreement with its banking institutions to govern the purchase of repurchase agreements. This agreement requires the institution to take possession of collateral having a market value of at least 103% of the cost of the repurchase agreement. The underlying collateral must be maintained at this level at all times.

Wisconsin Health Care Liability Insurance Plan - The investments of the Wisconsin Health Care Liability Insurance Plan at December 31, 1996 were $161.8 million, of which $5.2 million are reported as cash equivalents. All investments meet the Category 2 risk level.

University of Wisconsin Hospitals and Clinics Authority – The University of Wisconsin Hospitals and Clinics Authority (the Hospital) aggregate investments of $130.1 million consist of $112.2 million of restricted and limited use investments and $17.9 million of unrestricted investments. All investments, excluding the guaranteed investment contracts, are Category 2 level of risk.

Restricted and limited investments consisting of stocks, bonds, international equities and guaranteed investment contracts are limited or restricted by a trustee under a bond indenture agreement, the Board for capital replacement and debt retirement or donors. Unrestricted investments consist of stocks, bonds, international equities and other securities.

The guaranteed investment contracts, which are held with a financial institution in accordance with provisions of a bond indenture, matures in December, 2000 and guarantees a rate of return of 1.88 percent above the interest expense on the Hospitals Series 1997 Bonds. The guaranteed investment contract is recorded at original cost plus accrued earnings.

The following table presents investments of component units at December 31, 1996 or June 30, 1997, categorized in accordance with the requirements of GASB Statement No.3.

At December 31, 1996 or June 30, 1997, the component units' investments consisted of (in millions):

	Category			Carrying	Fair
	1	2	3	Amount	Value
Bonds	$ 123.0	$ 158.3	$ --	$ 281.3	$ 281.3
Stocks	--	31.8	--	31.8	31.8
Negotiable certificates of deposit	4.8	--		4.8	4.8
Uncollateralized investment agreements		--	27.5	27.5	27.5
Mortgage-backed securities	47.9	49.2	--	97.1	97.1
Collateralized investment contracts	181.1	--		181.1	181.1
	$ 356.8	$ 239.3	$ 27.5	623.6	623.5
Money market funds				159.5	159.6
Guaranteed investment contracts				46.4	46.4
International equities				8.0	8.0
				$ 837.5	$ 837.5

The following schedule summarizes investments presented in the above note discussions (in millions):

Other Funds Managed by the Board	$ 46,899.2
Other State Agencies and Funds	1,523.9
University of Wisconsin System	196.7
Component Units	837.5
Total Investments	$ 49,457.3

C. Lottery Investments and Related Future Price Obligations

Investments of the State Lottery Fund totaling $241.1 million are held to finance grand prizes payable over a 20-year or 25-year period. The investments in prize annuities are debt obligations of the U.S. government and backed by its full faith and credit as to both principal and interest. Liabilities related to the future prize obligations are presented at their present value and included as Accounts Payable and Other Accrued Liabilities. The following is a schedule of future prize obligations (in thousands):

Fiscal Year	Amount
1998	$ 24,730
1999	24,884
2000	25,043
2001	25,209
2002	25,380
Thereafter	310,881
Total future value	436,127
Less: Present value adjustment	(187,346)
Present value of payments	$ 248,781

NOTE 4. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year (in thousands).

	Balance July 1, 1996	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 1997
Land	$ 326,451	$ 10,701	$ (791)	$ 2,113	$	$ 338,474
Buildings and improvements	663,692	2,124	(5,106)	31,597		692,307
Machinery and equipment	387,612	33,440	(29,112)		52	391,992
Construction in progress	66,174	87,411		(33,710)		119,875
Total general fixed assets	$ 1,443,929	$ 133,675	$ (35,009)	$ 0	$ 52	$ 1,542,648

Construction in progress reported in the General Fixed Asset Account Group at June 30, 1997 included the following projects (in thousands):

	Allotments	Expended to June 30, 1997	Encumbrances Outstanding	Unencumbered Allotment Balance
Phase I Youth Dormitory	$ 12,550	$ 9,151	$ 1,842	$ 1,557
Waupun Housing/Freezer/Locks	14,634	11,993	1,712	928
Youthful Offender Institution	25,275	17,953	4,219	3,103
Secured Juvenile School	11,500	10,683	178	639
Rail Acquisition/Development	14,500	8,383	--	6,117
Camp Williams Support Facility	14,103	13,898	36	168
Other projects with allotments totaling less than $10 million		47,813		
Total construction in progress		$ 119,875		

The following is a summary of proprietary and fiduciary fund-type, University of Wisconsin System, and component unit fixed assets at June 30, 1997 (in thousands):

	Enterprise	Internal Service	Nonexpendable Trust	University of Wisconsin System	Component Units
Land	$ 9,120	$ 8,391	$ 635	$ 89,500	$ 6,032
Buildings and improvements	199,378	145,948		1,928,603	138,985
Machinery and equipment	34,581	136,202		1,352,006	115,657
Less: Accumulated depreciation	(112,619)	(135,907)			(139,341)
Construction in progress	6,001	50,225			660
Total	$ 136,460	$ 204,860	$ 635	$ 3,370,109	$ 121,993

NOTE 5. CHANGES IN LONG-TERM OBLIGATIONS REPORTED IN THE GENERAL LONG-TERM DEBT ACCOUNT GROUP

During the year ended June 30, 1997, the following changes occurred in liabilities reported in the General Long-term Debt Account Group (in thousands):

	Balance July 1, 1996	Additions	Reductions	Balance June 30, 1997
Capital Leases	$ 8,905	$ 3,236	$ 3,653	$ 8,488
Compensated Absences	682,498	--	10,909	671,589
Employer Pension Costs	607,047 *	46,306	28,220	625,133
General Obligation Bonds Payable	1,721,100 **	100,728 ***	122,214	1,699,614
Revenue Bonds Payable	750,565	--	29,710	720,855
Claims, Judgments and Commitments	119,447	888	114,900	5,435
Installment Contracts Payable	2,719	573	1,528	1,764
	$ 3,892,281	$ 151,731	$ 311,134	$ 3,732,878

* For the fiscal year ended June 30, 1997, the State adopted the Governmental Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers.* As a result of adopting GASB Statement No. 27, the Employer Pension Costs reported in the General Long-Term Debt Account Group, as of July 1, 1996, increased $475.8 million (see Note 16 to the financial statements).

** In prior years the State nursery operations were presented in an Enterprise fund, which reported the nursery share of general obligation debt outstanding as a fund specific liability. In Fiscal Year 1997, nursery operations were reclassified to the Conservation Fund, a special revenue fund. As a result, the General Obligation Bonds Payable in the General Long-Term Debt Account Group as of July 1, 1996 increased $727 thousand.

*** Due to the inclusion of accretion amounts on original issue discounts of the State's zero coupon bonds and underwriter discounts on new general obligation bond issues sold during Fiscal Year 1997, the amount presented for "Additions" to general obligation bonds payable differs from the amount presented for "Proceeds from Sale of Bonds" on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, which is reported net of the discussed items.

NOTE 6. BONDS, NOTES AND OTHER FINANCING AGREEMENTS PAYABLE

The following schedule summarizes outstanding long-term bonds and notes payable at June 30, 1997 (in thousands):

Primary Government:	
General Long-term Debt Account Group:	
General Obligation Bonds	$1,699,614
Transportation Revenue Bonds	720,855
Total General Long-term Debt Account Group	2,420,469
Debt Service Funds:	
Bond Security and Redemption General Obligation	820
Transportation Revenue Bonds	29,710
Total Debt Service Funds	30,530
Enterprise Funds:	
State Fair Park General Obligation Bonds	12,383
Veterans Mortgage Loan Repayment General Obligation Bonds	564,971
Wisconsin Education Revenue Bonds	5,307
Clean Water Fund Revenue Bonds	431,975
Total Enterprise Funds	1,014,636
Internal Service Funds:	
Facilities Operations and Maintenance General Obligation Bonds	96,133
Badger State Industries General Obligation Bonds	228
Total Internal Service Funds	96,361
University of Wisconsin System:	
General Obligation Bonds	709,806
Other Bonds	1,336
Total University of Wisconsin System	711,142
Component Units:	
Wisconsin Housing and Economic Development Authority Bonds and Notes	2,037,611
University of Wisconsin Hospitals And Clinics Authority	50,000
	2,087,611
Total at June 30, 1997	$6,360,749

A. General Obligation Bonds

Primary Government

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. To date, the Commission has authorized and issued general obligation bonds primarily to provide funds for the acquisition or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. Occasionally, general obligation bonds are also issued for the purpose of providing funds for veterans housing loans and to refund general obligation bonds. All general obligation bonds authorized and issued by the State are secured by a pledge of the full faith, credit and taxing power of the State of Wisconsin and are customarily repaid over a period of twenty to thirty years.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 set limits on the amount of debt that the State can contract in total and in any calendar year. In total, debt outstanding cannot exceed five percent of the value of all taxable property in the State. Annual debt issued cannot exceed the lesser of three-quarters of one percent or five percent of the value of all taxable property in the State less net indebtedness at January 1.

Repayment of the bonds is made from the Bond Security and Redemption Fund, which receives transfers from various departmental general purpose revenue, program revenue, and segregated revenue appropriations to pay principal and interest as it becomes due. The bonds payable amount shown in the Debt Service Fund represents the liability to be paid from resources accumulated to provide debt service payments early in Fiscal Year 1998.

At June 30, 1997, $1,286.3 million of general obligation bonds were authorized but unissued.

General obligation bonds issued and outstanding as of June 30, 1997 were as follows (in thousands):

Fiscal Year Issued	Series	Dates	Interest Rates	Maturity Through	Amount Issued	Amount Outstanding
1977	1976 Series C and 1977 Series B	11/76; 5/77	5.0	5/02	$ 168,000	$ 12,000
1979	1978 Series C	11/78	5.1	11/03	77,300	6,320
1986	1986 Series A	5/86	7.25 to 7.5	1/15	38,185	12,690
1988	Refunding Issue	5/88	6.7 to 6.8	5/98	447,455	43,148
1989	1988 Series A and 1989 Series A	7/88; 1/89	7.25 to 7.7	1/03	35,000	4,440
1990	1989 Series D, E and	8/89; 10/89				
	1990 Series A through D	1/90; 3/90; 5/90	6.4 to 7.6	1/20	341,889	65,134
1991	1990 Series E through G, 1991	8/90; 10/90; 12/90				
	Series A through C and Series I	4/91; 5/91; 6/91	5.85 to 7.6	1/21	528,291	207,437
1992	1991 Series D; 1992 Series A	9/91; 3/92				
	and B, and Refunding Issue	6/92; 3/92	5.1 to 6.7	1/22	794,975	498,260
1993	1992 C and 2	10/92; 11/92				
	1993 1, 2 and A	1/93; 3/93; 5/93	3.8 to 6.5	5/15	721,175	576,565
1994	1993 Refunding Issues	7/93; 12/93; 12/93;				
	3, 4, 5, 6; 1994 Refunding	10/93; 3/94;				
	Issues 1 and 2; and					
	1994 Series A and B	1/94; 6/94	3.5 to 6.2	5/24	929,825	817,434
1995	1994 Series 3 and C;	9/94; 9/94				
	1995 Series A, B, and 1	1/95; 2/95; 2/95	4.75 to 7.0	5/25	331,715	216,995
1996	1995 Series 2 and C;	10/95; 9/95;				
	1996 Series 1, A and B;	2/96; 1/96; 5/96				
	and Note 995B	and 7/95	4.0 to 7.3	11/26	448,536	436,083
1997	1996 C and D;	9/96; 10/96;				
	1997 1 and A	3/97; 3/97	4.75 to 6.0	5/28	190,230	190,230
Total					5,052,576	3,086,736
Proprietary Fund (Discounts)/Premiums						(2,781)
Total General Obligation Bonds and Notes, net of discounts					$ 5,052,576	$ 3,083,955

As of June 30, 1997, general obligation debt service requirements for principal and interest in future years are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
1998	$ 217,186	$ 164,153	$ 381,339
1999	218,155	152,230	370,385
2000	220,259	141,549	361,808
2001	216,457	131,839	348,296
2002	211,555	120,631	332,186
Thereafter	2,060,306	782,981	2,843,287
Total	3,143,918	1,493,383	4,637,301
Proprietary Fund (Discounts)/Premiums	(2,781)		(2,781)
Unamortized zero coupon and CAB discounts	(57,182)		(57,182)
Total, net of discounts	$3,083,955	$ 1,493,383	$4,577,338

Zero Coupon Bonds

The general obligation bonds of 1990, Series D (Higher Education Series), are zero coupon bonds recorded in the amount of $37.0 million which is the accreted value at June 30, 1997. The bonds mature on May 1 through the year 2010.

The Refunding General Obligation Bonds of 1988 included capital appreciation bonds (CAB's). The bonds are recorded in the amount of $36.4 million which is the accreted value at June 30, 1997. The bonds mature on May 1 through the year 1998. Funding for these bonds will be provided as they mature.

The general obligation bonds of 1991, Series B, are zero coupon bonds recorded in the amount of $65.3 million. The bonds mature on May 1 through the year 2011.

B. Revenue Bonds

Primary Government

Chapter 18, Wisconsin Statutes, authorizes the State to issue revenue obligations secured by a pledge of revenues or property derived from the operation of a program funded by the issuance of these obligations. The resulting bond obligations are not general obligations of the State.

Transportation Revenue Bonds

Transportation Revenue Bonds are issued to finance part of the costs of certain transportation facilities and major highway projects. Chapter 18, Subchapter II of the Wisconsin Statutes as amended, Wis. Stat. Sec. 84.59 and a general bond resolution and series resolutions authorize the issuance of these bonds.

The Department of Transportation is authorized to issue a total of $1,348.0 million Series A revenue bonds. Presently, there are nine issues of Transportation Revenue Bonds totaling $750.6 million. Debt service payments are secured by driver and vehicle registration fees and also a reserve fund, which will be used in the event that a deficiency exists in the redemption fund.

The Transportation Revenue Bonds issued and outstanding as of June 30, 1997 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1996A	5/96	5.0 to 6.0	7/16	$ 115,000	$ 115,000
1995A	9/95	4.5 to 6.3	7/15	105,000	101,815
1994A	7/94	4.5 to 7.5	7/14	100,000	93,880
1993A	9/93	3.7 to 5.0	7/12	116,450	112,340
1992A&B	7/92	4.4 to 5.8	7/22	299,150	288,045
1991A	10/91	5.6 to 6.2	7/02	42,085	26,125
1989A	4/89	7.25	7/98	14,715	4,105
1988A	4/88	6.7	7/97	15,300	2,125
1986A	6/86	7.4	7/97	83,575	7,130
Total				$ 891,275	$ 750,565

As of June 30, 1997, debt service requirements for principal and interest for the Transportation Revenue Bonds are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
1998	$ 29,710	$ 39,005	$ 68,715
1999	30,750	38,039	68,789
2000	29,490	37,062	66,552
2001	30,920	35,723	66,643
2002	32,425	33,546	65,971
Thereafter	597,270	266,366	863,636
Total	$ 750,565	$ 449,741	$ 1,200,306

Wisconsin Education Revenue Bonds

The Wisconsin Higher Educational Aids Board (HEAB) was created in 1967 to replace the State Commissioner for Higher Educational Aids and to administer the State's Student Loan Program. Through its administration of the Student Loan Program, HEAB provides funds to finance Health Education Assistance Loans.

Health Education Assistance Loan Program

At June 30, 1997, there was one issue of Health Education Assistance Loan program bonds outstanding totaling $5.3 million. These bonds are secured by student loan repayments and interest income.

The Health Education Assistance Loan program bonds issued and outstanding as of June 30, 1997 were as follows (in thousands):

Issue	Issue Date	Maturity Through	Issued	Outstanding
1994	12/94	12/04	$ 19,100	$ 5,920
Less: Unamortized discount				(613)
Total			$ 19,100	$ 5,307

The provisions of the 1994 Series A bond issue requires interest and principal payments are to be made to the bond holder on the first working day of the month until maturity in December 2004. The interest portion of each monthly payment is based on the Treasury Bill rate plus 0.25% for each day in the month. The principal amount paid each month varies depending on the amount of student loans receivable that is collected and working cash flow for each month. Therefore, bond amortization varies through final maturity in the year 2004.

Clean Water Fund

The Clean Water Fund provides loans and grants to local municipalities to finance wastewater treatment planning and construction. The Fund is authorized to issue up to $1,298.0 million in Clean Water Revenue Bonds. At June 30, 1997, there were five issues of Clean Water Revenue Bonds outstanding totaling $437.4 million. These bonds are secured by payments on program loans and earnings of investments.

Bonds issued and outstanding for the Clean Water Fund as of June 30, 1997 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1997-1	2/97	4.5 to 6.0	6/17	$ 80,000	$ 80,000
1995-1	7/95	4.0 to 6.25	6/15	80,000	78,750
1993-1	9/93	3.9 to 5.3	6/13	84,345	79,395
1993-2	9/93	3.9 to 6.13	6/08	81,950	79,120
1991-1	4/91	5.9 to 6.9	6/11	225,000	120,105
				551,295	437,370
Unamortized Premium					3,033
Less: Unamortized discount and charge					(8,428)
Total, net of discount, charge and premium				$ 551,295	$ 431,975

As of June 30, 1997, debt service requirements for principal and interest for the Clean Water Fund were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
1998	$ 14,270	$ 24,603	$ 38,873
1999	19,460	23,850	43,310
2000	20,485	22,829	43,314
2001	21,575	21,734	43,309
2002	22,770	20,530	43,300
Thereafter	338,810	129,522	468,332
Total	437,370	243,068	680,438
Unamortized Premium	3,033		3,033
Less: Unamortized discount and charge	(8,428)		(8,428)
Total, net	$ 431,975	$ 243,068	$ 675,043

Component Units

Wisconsin Housing and Economic Development Authority

Bonds and notes payable at June 30, 1997 of the Wisconsin Housing and Economic Development Authority (Authority) consisted of the following (in thousands):

Revenue bonds and notes	$	1,846,034
Special obligation and subordinated Special obligation		192,437
Total		2,038,471
Less: Deferred amount on refunding		(860)
Total, net	$	2,037,611

Authority's Revenue Bonds and Notes

The Authority's revenue bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provisions of resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. The bonds are subject to mandatory sinking fund requirements and may be redeemed at the Authority's option at various dates after approximately 10 years from the date of issuance at prices ranging from 103 percent to 100 percent of par value. Any particular series contains both term bonds and serial bonds which mature at various dates.

The Authority's revenue bonds and notes outstanding at June 30, 1997 consisted of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Housing Revenue Bonds:				
1986 A&B	9/86	7.625 to 8.5	2017	$ 2,530
1988 A&B	2/88	7.1 to 8.25	2018	10,060
1989 A, B&C	9/89	7.1 to 7.85	2020	13,735
1992 A	1/92	5.4 to 6.85	2012	63,740
1992 B, C, D	4/92	6.0 to 7.2	2022	71,040
1993 A&B	10/93	4.3 to 5.65	2023	70,580
1993 C	12/93	4.5 to 5.875	2019	135,335
1995 A&B	7/95	4.45 to 6.5	2026	50,485
				417,505
Home Ownership Revenue Bonds:				
1985 I	6/85	9.7 to 10.375	2012	7,271
1985 III	12/85	8.90 to 9.125	2005	868
1986 A	8/86	7.7 to 8.125	2016	5,165
1986 B	11/86	6.6 to 7.375	2017	22,200
1987 A	5/87	7.7 to 7.75	2014	450
1987 B&C	8/87	7.7 to 7.85	2016	17,215
1988 A&B	6/88	7.25 to 8.0	2000	3,260
1988 C	8/88	7.7	1998	3,140
1988 D	10/88	7.3 to 7.9	2005	16,890
1989 A	5/89	7.05 to 7.5	2017	19,430
1989 B&C	10/89	7.2 to 7.85	2021	59,029
1990 A&B	5/90	7.05 to 8.0	2020	39,390
1990 D&E	9/90	7.1 to 8.0	2021	28,875
1991 A&B	12/90	6.85 to 7.85	2024	59,885
1991 1,2&3	7/91	6.2 to 7.2	2022	58,645
1992 A&B	3/92	6.0 to 7.1	2023	73,845
1992 1,2	6/92	5.85 to 6.875	2024	76,555
1994 A&B	4/94	5.05 to 6.75	2025	74,685
1995 A&B	1/95	5.75 to 7.1	2025	112,525
1996 A&B	3/96	4.0 to 6.15	2027	75,000
1996 C&D	7/96	4.5 to 6.45	2027	75,000
1996 E&F	11/96	4.05 to 6.2	2027	60,000
1996 G	12/96	4.05	1998	83,440
1997 D & E	6/97	4.05 to 6.0	2028	85,000
				1,057,763
Home Ownership Revenue Bonds (Taxable):				
1989 A	7/89	9.8	2019	2,160
1995 C,D&E	5/95	4.8 to 7.45	2026	96,815
1997 F	7/97	Variable	2007	10,000
1995 F,G&H	9/95	4.4 to 7.875	2026	68,740
1997 A, B & C	4/97	4.1 to 5.7	2028	85,000
				262,715
Business Development Bonds:				
1988 3-5	Various	7.875 to 8.0	2003	965
1989 1,3-9,11-12,17 19,20,22 & 28	Various	7.1 to 8.0	2014	14,240
1990 2-4, 6	Various	7.1 to 7.75	2010	3,930
1991 1-6	Various	6.1 to 7.05	2006	7,565
1994 1-4	Various	Variable	2014	9,550
1995 1-2, 4-9	Various	Variable	2015	18,300
				54,550
Notes Payable	Various	Variable	1998	53,501
Authority's Total Revenue Bonds and Notes				$1,846,034

(Continued)

Authority's Special Obligation Bonds

The Authority's Special Obligation Bonds are special limited obligations of the Authority and are collateralized by the revenues and assets of each bond resolution.

Special obligation bonds at June30, 1997 consist of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Housing Revenue Bonds:				
1994	1/94	7.4 to 9.25	2024	$ 11,198
Home Ownership Revenue Bonds:				
1993 A	6/92	4.8 to 6.5	2025	82,350
1994 C&D	8/94	5.0 to 6.65	2025	46,210
1994 E&F	12/94	5.75 to 7.55	2026	26,200
				154,760
Home Ownership Revenue Bonds (Taxable):				
1993 B	4/93	6.45 to 7.4	2017	18,339
Home Improvement Revenue Bonds:				
1988 A	11/88	7.2 to 7.75	2006	4,375
1990 A&B	4/90	7.3 to 7.9	2006	1,130
1992 A&B	5/92	5.8 to 7.0	2010	2,635
				8,140
Total Special Obligation Bonds				$ 192,437

As of June 30, 1997, debt service requirements for principal and interest of the Authority's revenue bonds and special obligation bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
1998	$ 182,686	$ 105,677	$ 288,363
1999	46,253	97,291	143,544
2000	45,925	99,360	145,285
2001	46,528	96,727	143,255
2002	50,829	93,945	144,774
Thereafter	1,666,250	1,231,855	2,898,105
Total	2,038,471	1,724,855	3,763,326
Less: Deferred Refunding Amount	(860)		(860)
Total	$ 2,037,611	$ 1,724,855	$ 3,762,466

Under a Business Development Program and a Beginning Farmer Program, revenue bonds are issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or Statutes of the State of Wisconsin. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement, or in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Therefore, the bonds are not reflected in the financial statements. As of June 30, 1997, the Authority had issued 112 series of such bonds in an aggregate principal amount of $70.4 million for economic projects in Wisconsin.

University of Wisconsin Hospitals and Clinics Authority

In April 1997, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) issued $50.0 million of Variable Rate Demand Hospital Revenue Bonds, Series 1997. The bond proceeds are designated to finance qualified capital projects. Principal payments on the Series 1997 Bonds are due annually commencing in April 2010 through April 2026. Interest is payable at an initial weekly mode rate. The effective annual estimated interest rate was 4.0 percent at the time of issuance.

The Series 1997 bonds are collateralized by a security interest in substantially all of the Hospital's revenue. The borrowing agreements contain various covenants and restrictions including the establishment and maintenance of certain funds under the control of a trustee. These funds are held by the trustee and are reflected in Restricted and Limited Use Assets – Investments in the accompanying financial statements.

The Hospital is limited to total borrowings, exclusive of amounts outstanding prior to issuance of the Series 1997 bonds, to $50.0 million, with limited exceptions.

The revenue bonds of the Hospital do not constitute debt of the State nor is the State liable on those bonds.

As of June 30, 1997, debt service requirements for the Hospital's revenue bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
1998	$	$ 1,917	$ 1,917
1999		2,000	2,000
2000		2,000	2,000
2001		2,000	2,000
2002		2,000	2,000
Thereafter	50,000	36,984	86,984
Total	$ 50,000	$ 46,901	$ 96,901

C. University of Wisconsin System

Bonds payable included in the University of Wisconsin System's Plant Funds at June 30, 1997 consist of general obligation bonds of $709.8 million; Wisconsin University Building Corporation bonds with an outstanding balance of $0.3 million maturing in the years 1997 - 1999 and the Wisconsin State College Building Corporation bonds recorded in the amount of $1.1 million maturing in 2001.

Debt of these corporations are general obligations of the corporations, but not of the State. Revenues pledged to the repayment of these bonds are derived through lease-rental agreements between the University of Wisconsin System and the corporations.

On June 30, 1997, future principal payments on bonds payable of these corporations were as follows (in thousands):

Fiscal Year Ended June 30	Total
1998	$ 468
1999	417
2000	325
2001	126
Total	$ 1,336

D. Refundings and Early Extinguishments

Refunding Provisions of GASB Statement No. 23

The State applied the provisions of GASB Statement No. 23. *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities* during Fiscal Year 1996. This Statement requires proprietary activities to adopt certain accounting and reporting changes for both current refunding and advance refunding resulting in defeasance of debt. GASB Statement No. 23 permits, but does not require, retroactive application of its provisions. The State has chosen not to apply the provisions retroactively to previously issued financial statements.

In February 1996, the State participated in a refunding (1996 Series 1) of general obligation debt that fall within the provisions of GASB Statement No. 23. The State is amortizing these deferred amounts over a period of approximately 19 years, using the straight-line method. Below are the Gross Deferred Amounts, Amortization of Deferred Amounts, and the Outstanding Deferred Amounts for the two funds impacted:

	Gross Deferred Amount	1997 Amortization of Deferred Amount	Net Deferred Amount Outstanding
Facilities Operations and Maintenance	$ 248,517	$ 16,158	$ 232,359
University of Wisconsin System	1,898,210	123,555	1,774,655
	$ 2,146,727	$139,713	$2,007,014

Current Year Refundings/General Obligation Bonds

In March 1997, the State issued $23.6 million of general obligation refunding bonds (1997 Series 1), the proceeds of which were deposited in an escrow account to provide for future debt service requirements on $23.3 million of various general obligation bonds outstanding at the time of the refunding. As a result, the bonds are considered defeased and the associated liability removed from the financial statements. The refunding resulted in decrease in total debt service payments by $4.0 million and an economic gain of $3.0 million.

Prior Year Refundings/General Obligation Bonds

In October 1995, the State issued $42.9 million of general obligation bonds (1995 Series 2), the proceeds of which were deposited in the Bond Security and Redemption Fund to be used for a replacement refunding (no change in cash flows nor an economic gain or loss resulted), whereby the bond proceeds replace a portion of the moneys available to redeem certain of the State's outstanding general obligation bonds previously issued for the purpose of veterans housing loans, including (in millions):

1976C Series	$ .8
1978C Series	1.0
1985B Series	40.8
19935 Series	.1
19936 Series	.2

In February 1996, the State issued $104.8 million of general obligation refunding bonds (1996 Series 1), the proceeds of which were deposited in an escrow account to provide for future debt service requirements on $189.3 million of the 1995A general obligation bonds outstanding at the time of the refunding. As a result, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, $189.3 million was outstanding.

In February 1995, the State issued $15.7 million of general obligation bonds (1995 Series 1) for the purpose of replacement refunding certain outstanding general obligation bond principal amounts due May, 1995. The bonds had previously been issued for the purpose of veterans housing loans. This refunding allowed moneys available in the amount of $15.7 million to be used to originate veterans housing loans.

In September 1994, the State issued $10.4 million of general obligation refunding bonds (1994 Series 3), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on the 1983 Series A general obligation bonds outstanding at the time of the refunding. As a result, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal was $10.4 million.

In March 1994, the State issued $106.6 million of general obligation refunding bonds (1994 Series 1) and $58.5 million of general obligation refunding bonds (1994 Series 2) the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $136.3 million of various general obligation bonds. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $13.5 million.

In October 1993, the State issued $20.0 million of general obligation refunding bonds (1993 Series 6), the proceeds of which were used for a replacement refunding, whereby the proceeds replace a portion of moneys that are available to be used to redeem certain general obligation 1985 Series B that were used for the purpose of veterans housing loans. Pursuant to a special redemption provision, the State redeemed certain 1985 Series B bonds allowing moneys on hand

and attributable to those bonds to be used to originate veterans housing loans.

In December 1993, the State issued $135.3 million of general obligation refunding bonds (1993 Series 5), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $133.7 million of various general obligation bonds. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $98.0 million.

In December 1993, the State issued $77.6 million of general obligation refunding bonds (1993 Series 4), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $76.0 million of various general obligation bonds outstanding at the time of the refunding. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $10.2 million.

In August 1993, the State issued $302.0 million of general obligation refunding bonds (1993 Series 3), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $271.9 million of various general obligation bonds outstanding at the time of the refunding. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $94.2 million.

In March 1993, the State issued $137.5 million of 1993-2 general obligation refunding bonds, the proceeds of which were deposited in an escrow fund to provide for the future debt service requirements on $126.0 million of various general obligation bonds outstanding at the time of the refunding. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $49.2 million.

In January 1993, the State issued $280.1 million of 1993-1 general obligation refunding bonds, the proceeds of which were used for refunding $259.9 of various general obligation bonds outstanding at the time of the refunding. As a result, these bonds are considered to be defeased and the liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $165.9 million.

On March 1, 1992, the State issued $448.9 million in general obligation refunding bonds with an average interest rate of 6.16 percent to advance refund certain general obligation bonds. The net proceeds of $440.0 million were used to purchase state and local securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, these bonds are considered to be defeased and the liability removed from the financial statements. On June 30, 1997, the outstanding principal on these defeased bonds was $143.6 million.

At June 30, 1997, approximately $1,722.1 million of general obligation bonds, defeased in prior years, are not included as a liability in the accompanying financial statements.

Prior Year Refundings/Revenue Bonds

Primary Government

Clean Water Fund Revenue Bonds

In September 1993, the Clean Water Fund defeased a portion of the 1991 Series I Revenue Obligation Bonds by placing proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the defeased bonds has been removed from the Fund's balance sheet as of the date of the defeasance. On June 30, 1997, $73.8 million of the bonds are considered defeased.

Transportation Revenue Bonds

In Fiscal Year 1994, $114.7 million of the 1993 Series A Transportation Revenue Bond proceeds were applied to the partial refunding of previously issued Transportation Revenue Bonds, 1986 Series A, 1988 Series A, 1989 Series A, 1991 Series A, and the 1992 Series B. In order to provide for the refunding, a portion of the proceeds of the 1993 Series A Bonds along with associated assets transferred from the refunded bonds were used to acquire direct obligations of the United States and certain other government securities to pay the principal, interest and redemption price on the refunded bonds at redemption or maturity. Accordingly, these bonds are considered to be defeased and are not included in the accompanying financial statements. On June 30, 1997, $105.2 million of the bonds are considered defeased.

In Fiscal Year 1993, $136.6 million of the 1992 Series A Transportation Revenue Bond proceeds were applied to the partial refunding of previously issued Transportation Revenue Bonds, 1986 Series A, 1988 Series A, 1989 Series A, and the 1991 Series A. A portion of the proceeds of the 1992 Series A Bonds along with associated assets transferred from the refunded bonds were used to acquire direct obligations of the United States and certain other government securities to pay the principal, interest and redemption price on the refunded bonds at redemption or maturity. Accordingly, the above bonds are considered to be defeased and are not included in the accompanying financial statements. As of June 30, 1997, the remaining outstanding defeased principal is $126.8 million.

In prior years, a portion of the 1986 Series A bond issue was used to defease the 1984 revenue bond issue of $65.0 million. The

securities were deposited in an irrevocable trust with a trustee to provide for all future debt service payments on the Series A 1984 Transportation Revenue Bonds. Accordingly, the liability relating to the defeased bonds and the related trust accounts are not included in the financial statements. On June 30, 1997, $26.0 million of principal is outstanding.

At June 30, 1997, the amount of outstanding defeased Transportation Revenue Bond debt is $258.0 million.

Wisconsin Education Revenue Bonds

Guaranteed Student Loan Program

In prior years, the Guaranteed Student Loan Program (GSL) entered into a Loan Purchase Agreement for the purchase of the Direct Student Loan Portfolio. The sale resulted in the Program receiving an amount equal to par plus a 1.6 percent premium on $31.0 million of loans and par for the remaining $7.3 million balance in the portfolio. If the loan documentation is not adequate to obtain reimbursement under the insured provisions of the loan purchase agreement, the Bank has recourse from the bond portfolio or the State.

Proceeds from the sale of the loans along with proceeds from the liquidation of the investments totaling $104.6 million were irrevocably placed in accounts to fund the scheduled principal, interest and redemption premium payments on certain revenue bonds. For financial reporting purposes, the transaction is accounted for as an in-substance defeasance and, accordingly, the revenue obligation bonds along with related investments are removed from the balance sheet.

Component Units

Wisconsin Housing and Economic Development Authority

The Authority defeased Insured Mortgage Revenue Bonds payable aggregating $48.4 million and sold the related Insured Mortgage Loan portfolio on March1, 1990. As of June 30, 1997, the remaining outstanding defeased debt was $38.8 million.

Early Extinguishments

Component Units

Wisconsin Housing and Economic Development Authority

During 1997, the Wisconsin Housing and Economic Development Authority (the Authority) redeemed early various outstanding bonds according to the redemption provisions in the bond resolutions. These redemptions resulted in extraordinary losses due to the write-off of remaining unamortized deferred debt financing costs and, in certain instances, the payment of an early redemption premium. A summary of these early redemptions follows (in thousands):

	Redemptions	Extraordinary Losses
Bond Issue	**1997**	**1997**
Home Ownership Revenue Bond Resolutions:		
1987	$ 20,395	$ --
1988	57,185	--
All Other	26,183	--
State of Wisconsin Programs	2,020	35
General funds	1,505	--

E. Short-Term Financing

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, authorize, issue, and sell debt obligations of the State. To date, the Commission has authorized the issuance of notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term financing criteria, it is classified among fund liabilities. At June 30, 1997, the State had issued two such notes in the form of commercial paper.

General Obligation Commercial Paper Notes

In April 1997, the State authorized $99.0 million and issued $92.0 million of General Obligation Commercial Paper Notes, 1997 Series A, for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highway, buildings, equipment or facilities. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes and accrued interest on the maturing notes. The State intends to make annual May 1 payments on the outstanding commercial paper notes that reflect principal amortization of the notes. The State also intends to make semi-annual May 1 and November 1 payments on the outstanding commercial paper notes that will be equal to the interest accrued and accruing for that period. At June 30, 1997, the amount of commercial paper notes outstanding was $93.0 million which had interest rates ranging from 3.55 percent to 4.15 percent and maturities ranging from July 7, 1997 to November 14, 1997.

Transportation Revenue Commercial Paper Notes

In May 1997, the State authorized $189.0 million and issued $154.8 million of transportation revenue commercial paper notes, 1997 Series A, to pay the costs of major highway projects and certain State transportation facilities. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes and accrued interest on the maturing notes. The State intends to make annual July 1 payments on the commercial paper notes that reflect principal amortization of the notes. The State also intends to make semi-annual January 1 and July 1 payments on the commercial paper notes that will be equal to (i) the amounts determined by the State, as set forth in the Supplemental Resolution, for the semi-annual periods ending on July 1, 1999, and (ii) the interest accrued and accruing for that applicable semi-annual period commencing July 1, 1999. At June 30, 1997, the amount of commercial paper notes outstanding was $154.9 million which had interest rates ranging from 3.65 percent to 3.80 percent and maturities ranging from July 8, 1997 to September 12, 1997.

F. Certificates of Participation

The State established a facility in 1992 that provides lease purchase financing for equipment and certain service items acquired by State agencies. This facility is the Amended and Restated Master Lease 1992-1. Pursuant to the terms and conditions of this agreement, the trustee for the facility issues parity Master Lease certificates of participation that evidence proportionate interest of the owners thereof in lease payments to be made for rental of certain equipment and service items. A common pool of collateral ratably secures all Master Lease certificates. Title in the equipment and service items purchased under the facility remains with the State and the State grants to the Trustee, for the benefit of all Master Lease certificate holders, a first security interest in the leased items. At June 30, 1997, the following parity Master Lease certificates were outstanding:

- Master Lease Certificates of Participation of 1996, Series B, in the amount of $28.7 million. This series of Master Lease certificates had interest rates ranging from 4.25 percent to 4.90 percent and matures semi-annually through September 1, 2003.

- Master Lease Certificate of participation of 1996, Series A, in the amount of $11.8 million. This Master Lease certificate evidences the State's obligation to repay, but solely from sources specified, revolving loans under a Revolving Credit Agreement, dated July 1, 1996 between Firstar Trust Company, Milwaukee, Wisconsin (Trustee) and the Bank of America Illinois. This Master Lease certificate shall bear interest at the rates provided for in the Revolving Credit Agreement and matures on March 1, 2006.

The Second Amended and Restated Master Lease 1992-1 provides that certain lease schedules to the facility can be terminated if the State deposits with the Trustee an amount that is equal to the outstanding amount of the lease schedule, or in amounts that are sufficient to purchase investments that mature on dates and in amounts to make the lease payments when due. At June 30, 1997, the State has deposited with the Trustee amounts, that when invested, will terminate lease schedules having an aggregate outstanding amount of $4.2 million. As a result of terminating these lease schedules, the associated liability is removed from the financial statements.

G. Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of June 30, 1997, no arbitrage liability existed.

H. Moral Obligation Debt

Through legislation enacted in 1994, the State authorized the creation of local exposition districts. These districts are authorized to issue bonds for costs related to an exposition center, and if the State determines that certain conditions are satisfied, the State may have a moral obligation to appropriate moneys to make up deficiencies in the districts reserve funds that secure up to $200 million principal amount of bonds. To date, one such district has been created, and it has issued $120.5 million of bonds that are subject to the moral obligation.

I. Credit Agreements

Primary Government

The State has, as part of the working bank contract, a letter of credit agreement with the Firstar Bank of Milwaukee, Milwaukee, Wisconsin under which the Bank has agreed to provide to the State an open line of credit in the amount of $50.0 million. The agreement provides for advances in anticipation of bond issuance proceeds. As of June 30, 1997, $50.0 million was unused and available.

In addition, during Fiscal Year 1997, the State entered into a credit agreement with two banks to provide a line of credit for liquidity support for up to $300.0 million of general obligation commercial paper notes. The line of credit expires in April, 1998, but is subject to annual renewal as provided for in the credit agreement. The cost of this line of credit is 0.04 percent.

Also, during Fiscal Year 1997, the State entered into a credit agreement with three banks to provide a stand-by letter of credit for credit and liquidity support for its transportation revenue commercial paper program. The stand-by letter of credit is available to secure up to $200.0 million of transportation revenue commercial paper and interest thereon. No advances were drawn during the fiscal year ended June 30, 1997. This stand-by letter of credit expires in May, 1998, but is subject to annual renewal as provided for in the credit agreement. The cost of this stand-by letter of credit is 0.08 percent on unutilized amounts and 0.145 percent on utilized amounts.

Component Units

In December 1996, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) authorized a $10.0 million unsecured line of credit with a bank of which approximately $9.4 million was drawn and used to provide interim financing for several capital projects. Borrowings under the line of credit were reimbursed in full from the proceeds of the Series 1997 Bonds. The line of credit expired on June 1, 1997.

NOTE 7. LEASE COMMITMENTS

The State leases office buildings, space, and equipment under a variety of agreements that vary in lease term, many of which are subject to appropriation from the State Legislature to continue the lease commitment. If such funding, i.e., through legislative appropriation, is judged to be assured, and the likelihood of cancellation through exercise of the fiscal funding clause is remote, leases are considered noncancelable and reported in the General Long-term Debt Account Group or appropriate proprietary fund or university fund types.

A. Capital Leases

Primary Government

Capital lease commitments for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Capital lease commitments for proprietary funds are reported as liabilities of those funds. The related assets along with the depreciation are also reported in those proprietary funds. Capital lease commitments for the University of Wisconsin System are reported in the University of Wisconsin System financial statements.

Assets acquired through capital leases are valued at the lower of fair market value or the present value of minimum lease payments at the inception of the lease. The following is an analysis of General Fixed Assets and proprietary fund type assets leased under capital leases as of June 30, 1997 (in thousands):

	General Fixed Assets	Enterprise Funds	Internal Service Funds
Buildings and Improvements	$ 653	$	$
Machinery and Equipment	14,712	264	22,183
Less: Accumulated Depreciation		(108)	(8,166)
Carrying Amount	$ 15,366	$ 155	$ 14,017

The following is an analysis of the gross minimum lease payments along with the present value of the minimum lease payments as of June 30, 1997 for capital leases (in thousands):

Fiscal Year	General Long-term Debt Account Group	Proprietary Funds	University of Wisconsin System
1998	$ 4,587	$ 5,694	$ 4,372
1999	2,320	5,041	3,652
2000	1,142	2,440	2,296
2001	516	1,351	1,251
2002	350	682	467
Thereafter	490	640	1,968
Total minimum future payments	9,404	15,847	14,005
Less: Executory costs	(80)	(1)	
Less: Interest	(835)	(1,514)	(2,133)
Present value of net minimum lease payments	$ 8,488	$ 14,332	$ 11,872

Master Lease Program

The State established a facility in 1992 that provides lease purchase financing for equipment and certain service items acquired by state agencies. This facility is the second amended and restated Master Lease #1992-1 between the State acting by and through the Department of Administration and Firstar Bank Milwaukee, N.A. Lease purchase obligations under the Master Lease are not general obligations of the State, but are payable from appropriations of State agencies participating in the Master Lease Program, subject to annual appropriation. The interest component of each lease/purchase payment is subject to a separate determination. Pursuant to terms of the Master Lease, the Trustee for the facility issues parity Master Lease Certificates of Participation that evidence proportionate interest of the owners thereof in lease payments to be made for rental of equipment and certain service items. Equipment acquired and outstanding on June 30, 1997 consisted of:

Balance Due	Blended Interest Rate	Average Life (Weighted Term)
$36,344,030	4.947%	1.589 Yrs.

The assets acquired and corresponding obligations are reported in the General Fixed Asset Account Group and the General Long-term Debt Account Group respectively, or in the fund acquiring the equipment.

Component Unit

Under the terms of a lease agreement, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) leases facilities which were occupied by the Hospital as of June, 1996 (see Note 1B to the financial statements). The initial term of the lease is 30 years to be renewed annually with automatic extensions of one additional year on each July 1 until action is taken to stop the extensions. Included in the consideration for the lease is an amount equal to the debt service during the term of the lease agreement on all outstanding bonds issued by the State for the purpose of financing the acquisition, construction or improvement of the leased facilities. Interest rates on the related bonds range from 4.2 percent to 7.4 percent, with final maturities due beginning in April 1998 through April 2016. Scheduled principal and interest payments through April 2016 are $57.6 million.

In addition, scheduled principal and interest payments through December 2000 are $1.5 million for equipment acquired under a capital lease agreement.

B. Operating Leases

Operating leases, those leases not recorded as capital leases as required by FASB Statement No.13, are not recorded in the balance sheet. These leases contain various renewal options, the effect of which are reflected in the minimum lease payments only if it is considered that the option will be exercised. Certain other operating leases contain escalation clauses and contingent rentals which are not included in the calculation of the future minimum lease payments. The State has adopted the operating lease scheduled rent increase provisions of FASB Statement No. 13 prospectively. Operating lease expenditures/expenses are recognized as incurred or paid.

Governmental and proprietary fund rental expenditures/expenses under operating leases for Fiscal Year 1997 were $29.7 million. Of this amount, $28.9 million relates to minimum rental payments stipulated in lease agreements, $0.8 million relates to contingent rentals, and $107 thousand subrental payments. The University of Wisconsin System operating lease expenditures totaled $2.6 million for Fiscal Year 1997.

The following is an analysis of the future minimum rental payments due under operating leases (in thousands):

Fiscal Year	Governmental and Proprietary Funds	University of Wisconsin System	Component Units
1998	$ 28,112	$ 4,097	$ 2,144
1999	20,808	2,971	1,217
2000	13,889	2,037	675
2001	8,667	1,275	373
2002	7,426	1,130	144
Thereafter	11,491	7,022	10
Minimum lease payments	$ 90,393	$ 18,531	$ 4,564

NOTE 8. INSTALLMENT PURCHASES

Installment purchase liabilities for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Installment purchase liabilities for proprietary funds are reported in those funds. The related assets along with the depreciation are also reported in those proprietary funds.

The following is an analysis of the gross minimum installment payments along with the present value of the minimum installment payments as of June 30, 1997 for installment purchases (in thousands):

Fiscal Year	General Long-term Debt Account Group	Proprietary Funds	University of Wisconsin System
1998	$ 981	$ 209	$ 190
1999	471	200	36
2000	296	155	28
2001	85	148	22
2002		125	
Thereafter		111	
Total minimum future payments	1,834	948	277
Less: Interest	(70)	(118)	(15)
Present value of net minimum installment payments	$ 1,764	$ 831	$ 262

NOTE 9. SEGMENT INFORMATION AND CONDENSED FINANCIAL DATA

Primary Government

The State maintains 25 enterprise funds which are intended to be self-supporting through user fees charged to the public. Financial statement information as of and for the year ended June 30, 1997 is presented below (in thousands):

	Home for Veterans (1)	Mental Health Institutes (2)	Developmental Disabilities Centers (3)	Lottery (4)	Health Insurance Risk Sharing Plan (5)	Local Government Property Insurance (6)
Operating revenues:						
Total revenues	$ 33,588	$ 33,986	$ 115,093	$431,146	$ 37,929	$ 8,955
Revenues from sales/services provided to other GAAP funds	--	--	--	--	--	--
Depreciation, depletion and amortization expense	2,130	1,483	2,919	616	2	11
Operating income or loss	(1,777)	(36,401)	(3,057)	132,333	(324)	1,426
Operating grants, entitlements, and shared revenues	9	16	18	--	--	--
Operating interfund transfers:						
In	25	34,710	433	--	--	--
Out	1,047	152	3,336	13,389	--	--
Extraordinary gain (loss)	--	--	--	--	--	--
Net income (loss)	(2,431)	53	(5,221)	92,186	15	1,425
Current capital:						
Contributions	192	4,422	631	--	--	--
Transfers In	--	155	--	--	--	--
Transfers Out	--	--	--	--	--	--
Property, plant and equipment:						
Additions	560	4,850	1,726	528	--	--
Deletions	1,857	--	108	64	--	--
Net working capital (current assets less current liabilities)	3,612	(8,322)	(5,203)	144,349	7,299	18,075
Total assets	32,556	55,912	66,602	411,707	13,727	25,520
Bonds and other material long-term liabilities outstanding:						
Amounts payable solely from operating revenues	--	--	--	224,513	7,298	3,243
Amounts potentially payable from other sources	--	--	--	--	--	--
Total equity	29,560	28,796	37,888	138,404	6	19,175

Description of Programs

(1) Nursing home care for veterans and their spouses.

(2) Diagnosis, care and treatment of individuals with mental and emotional disturbances (two institutes).

(3) Services provided to developmentally disabled citizens (three centers).

(4) State managed lottery activities used to provide property tax relief.

(5) Medical insurance provided to Wisconsin residents under sixty-five who are unable to obtain private coverage.

(6) Property insurance coverage provided to local governments.

(7) State sponsored life insurance.

(8) Excess medical malpractice insurance for Wisconsin health care providers.

(9) Government Employe Benefit Plans include:
Income Continuation Insurance - disability benefits for government employes.
Duty Disability - Compensation for duty-related disabilities of government employes.
Health Insurance - Group health insurance for government employes.
Long Term Disability Insurance - Long term disability benefits for government employes.

State Life Insurance (7)	Patients Compensation (8)	Government Employe Benefit Plans (9)	Clean Water (10)	Veterans Mortgage Loan Repayment (11)	Veterans Mortgage Revenue Bonds (12)	Wisconsin Education Revenue Bonds (13)	Other (14)	Total
$ 8,112	$ 84,255	$ 463,843	$ 20,953	$ 39,418	$ 3	$ 923	$ 29,958	$1,308,161
--	--	358,719	--	--	--	--	1,471	360,190
53	17	--	1,002	394	--	--	1,823	10,450
432	6,101	27,457	(5,915)	2,554	(4)	30	(2,723)	120,132
--	--	--	1,054	--	--	--	1,167	2,263
--	--	--	16	468	--	--	1,150	36,803
829	--	--	--	--	--	--	4,687	23,440
--	--	--	--	(56)	--	--	--	(56)
(397)	6,101	27,465	2,143	8,939	(3)	47	(4,501)	125,819
--	--	--	43,680	--	--	--	1,514	50,438
--	--	--	41,000	--	--	--	371	41,526
--	--	--	4,000	--	371	--	--	4,371
3	--	--	--	29	--	--	4,064	11,760
--	--	--	39	--	--	--	425	2,494
7,561	14,077	302,511	174,404	124,254	--	258	16,675	799,549
65,493	376,788	336,631	1,013,016	723,950	--	7,411	87,642	3,216,956
58,017	420,106	247,965	--	564,971	--	--	12,383	1,538,496
--	--	--	423,100	--	--	5,307	--	428,407
7,047	(44,100)	54,545	578,222	142,933	--	1,675	63,700	1,057,851

(10) Funding for clean water projects.

(11) Issuance and administration of veteran's first mortgage loans.

(12) Bond proceeds used to provide veteran's loans to finance residential housing.

(13) Health education loans provided to full-time medical and dental students and eligible residents.

(14) Other funds include: State Fair Park - State Fair Exposition Center revenues and operations; Institutional Farm Operations - Funds associated with employing inmates in agricultural activities; Institutional Canteen Operations - Sale of goods for the use of institutionalized patients and inmates; Tuition Trust – Taxpayers' investment to cover future tuition expenses; Veterans Trust- Various programs for veterans, including loans and grants; Wisconsin Public Broadcasting Foundation - Raises funds for the Wisconsin Educational Communications Board.

Component Units

Significant financial data for the State's three component units for the year ended December 31, 1996 or June 30, 1997 is presented below (in thousands):

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Total
Condensed Balance Sheet				
Assets:				
Current Assets	$ 399,147	$ 169,158	$ 111,548	$ 679,853
Due From Primary Government	--	--	863	863
Long-term Receivables	1,743,543	--	--	1,743,543
Deferred Charges	16,324	--	--	16,324
Fixed Assets	19,732	--	102,261	121,993
Other Assets	273,170	--	132,574	405,744
Total Assets	$ 2,451,916	$ 169,158	$ 347,246	$ 2,968,320
Liabilities:				
Current Liabilities	$ 201,347	$ 13,274	$ 37,688	$ 252,309
Due to Primary Government	--	10	14,979	14,989
Future Benefits and Loss Liability	--	135,147	--	135,147
Other Liabilities	--	--	40,750	40,750
Bonds and Notes Payable	2,037,611	--	50,000	2,087,611
Total Liabilities	2,238,958	148,431	143,417	2,530,806
Equity:				
Retained Earnings	212,958	20,727	203,829	437,514
Total Equity	212,958	20,727	203,829	437,514
Total Liabilities and Equity	$ 2,451,916	$ 169,158	$ 347,246	$ 2,968,320
Condensed Statement of Revenues, Expenses and Changes in Retained Earnings				
Operating Revenues	$ 140,698	$ 14,596	$ 312,275	$ 467,569
Operating Expenses:				
Depreciation	648	--	17,040	17,688
Other	212,992	17,051	289,359	519,402
Operating Income (Loss)	(72,942)	(2,455)	5,876	(69,521)
Other Nonoperating Revenues (Expenses)	95,093	--	9,546	104,639
Net Income Before Extraordinary Item	22,151	(2,455)	15,422	35,118
Extraordinary Item	(35)	--	--	(35)
Net Income	22,116	(2,455)	15,422	35,083
Retained Earnings-Beginning of Year	190,842	23,181	188,408	402,431
Retained Earnings-End of Year	$ 212,958	$ 20,727	$ 203,830	$ 437,514

NOTE 10. INTERFUND ASSETS/LIABILITIES

Interfund assets and liabilities at June 30, 1997 consist of the following (in thousands):

A. Due from/to Other Funds:

Due from Other Funds	$ 867,961
Due to Other Funds	867,961

Due from/to Other Funds represent short-term interfund accounts receivable and payable. The totals of Due from/to Other Funds at June 30, 1997 by individual fund were as follows (in thousands):

Fund	Due from Other Funds	Due to Other Funds
General	$ 90,014	$591,335
Special Revenue:		
Transportation	16,940	26,741
Conservation	13,618	7,484
Wisconsin Health Education Loan Repayment	48	21
Work Injury Supplemental Benefit	10	
Mediation	20	3
Agrichemical Management	117	259
Employe Trust Fund Administration	59	757
Badger		5,442
Petroleum Inspection	9,659	1,255
Environmental	5,397	5,112
Recycling	11,411	8,073
Info Tech Investment	112	
Property Tax Relief	257,756	
Debt Service:		
Bond Security and Redemption	4	167
Capital Projects:		
Building Trust	4	36
Capital Improvement	1,777	1,645
Transportation Revenue Bonds		14,805
Enterprise:		
State Fair Park	74	897
Home for Veterans	14	767
Mendota Mental Health Institute	2,069	2,563
Winnebago Mental Health Institute	1,232	2,537
Central Developmental Disabilities Center	7,695	1,804
Northern Developmental Disabilities Center	5,269	1,680
Southern Developmental Disabilities Center	6,166	1,554
Institutional Farm Operations	172	113
Institutional Canteen Operations	5	65
Lottery	530	9,944
Health Insurance Risk Sharing Plan		2
Local Government Property Insurance	87	8
State Life Insurance	1	15
Patients Compensation		48
Income Continuation Insurance	16,331	32
Duty Disability	6,121	1,196
Long Term Disability Insurance	14,761	6
Health Insurance	359	246
Tuition Trust		264
Clean Water	39	594
Veterans Trust	6	208
Veterans Mortgage Loan Repayment	130	128
Wisconsin Education Revenue Bonds		402
Wisconsin Public Broadcasting Foundation	15	28
Internal Service:		
Services to Nonstate Governmental Units	123	14
Materials and Services to State Agencies	732	866
Fleet Services	1,351	62
Building Construction Services	1,960	118
Printing and Other Services	1,651	121
State Telephone System	3,694	458
Financial Services	269	453
Risk Management	155	2,494
Facilities Operations and Maintenance	2,974	936
Information Technology Services	18,316	765
Institutional Power Plant	1,043	356
Central Warehouse	413	16
Badger State Industries	2,064	375

(Continued)

Fund	Due from Other Funds	Due to Other Funds
Expendable Trust:		
Petroleum Violation	66	77
Unclaimed Property Program		10
Accumulated Sick Leave	48,134	
Special Death Benefits	217	
Employe Reimbursement Accounts	249	
Life Insurance	27	17
Common School Income		506
Unemployment Insurance Reserve	290	334
Children's Trust	3	
Nonexpendable:		
Common School	40	
Historical Society	3	57
State Housing Authority Reserve		16
Pension:		
Wisconsin Retirement System	242,808	115,833
Agency:		
Milwaukee Retirement Systems	20,868	2
Inmate and Resident	466	106
University of Wisconsin System	52,020	55,732
Total	$867,961	$867,961

B. Due to/from Component Units

Receivables and payables between funds and component units at June 30, 1997 were as follows (in thousands);

Fund/Component Unit	Due from Component Units/Primary Government	Due to Component Units/Primary Government
Primary Government:		
General Fund	$	$ 863
Enterprise:		
Patients Compensation	10	
Internal Service:		
Materials and Services to State Agencies	5	
Fleet Services	3	
Printing and Other Services	128	
State Telephone System	53	
Badger State Industries	8	
Expendable Trust:		
Employe Reimbursement Account	15	
University of Wisconsin System	14,804	
Component Unit:		
Wisconsin Housing and Economic Development Authority		37
Wisconsin Health Care Liability Insurance Plan		10
University of Wisconsin Hospitals and Clinics Authority	863	14,978
	$ 15,888	$ 15,888

C. Interfund Loans Receivable/Payable

Interfund Loans Receivable	$ 88,615
Interfund Loans Payable	$ 88,615

Interfund Loans Receivable/Payable represent loans from one fund to another to cover cash overdrafts. Interfund loans receivable/payable at June 30, 1997 by individual fund were as follows (in thousands):

Fund	Interfund Loans Receivable	Interfund Loans Payable
General	$ 68,370	$ --
Special Revenue:		
Transportation	2,691	--
Wisconsin Health Education Loan Repayment	--	7
Employe Trust Fund Administration	38	--
Environmental Local Assistance	--	4,481
Capital Projects:		
Capital Improvement	--	13,034
Transportation Revenue Bonds	--	2,691
Enterprise:		
Mendota Mental Health Institute	--	7,104
Winnebago Mental Health Institute	--	9,694
Central Developmental Disabilities Center	--	6,708
Northern Developmental Disabilities Center	--	3,966
Southern Developmental Disabilities Center	--	242
Institutional Farm Operations	--	4,850
Veterans Mortgage Loan Repayment	17,516	--
Internal Service:		
Services to Nonstate Governmental Units	--	2,371
Fleet Services	--	21,643
Printing and Other Services	--	3,251
State Telephone System	--	3,518
Information Technology Services	--	3,091
Institutional Power Plant	--	203
Badger State Industries	--	1,723
	(Continued)	

Fund	Interfund Loans Receivable	Interfund Loans Payable
Expendable Trust:		
Deferred Compensation Plan	--	38
Total	$ 88,615	$ 88,615

D. Advances to/from Other Funds

Advances to/from Other Funds represent long-term loans to one fund from another fund. Advances at June 30, 1997 by individual fund were as follows (in thousands):

Fund	Advances to Other Funds	Advances from Other Funds
General	$ --	$ 4,000
Special Revenue:		
Information Technology Investment	--	3,958
Capital Projects:		
Energy Efficiency	3,000	--
Enterprise:		
Local Government Property Insurance	4,000	--
Internal Service:		
State Telephone System	7,118	--
Information Technology Services	--	3,160
University of Wisconsin System	--	3,000
Total	$ 14,118	$ 14,118

NOTE 11. INTERFUND TRANSFERS

A. Residual Equity Transfers

Residual equity transfers in and out that occurred during Fiscal Year 1997 were as follows (in thousands):

Fund	Residual Equity Transfers In	Residual Equity Transfers Out
General	$ 14,367	$ 155
Special Revenue:		
Badger	--	5,442
Debt Service:		
Bond Security and Redemption	--	4
Capital Projects:		
Capital Improvement	--	41,000
Building Trust	4	30
Enterprise:		
Mendota Mental Health Institute	98	--
Winnebago Mental Health Institute	57	--
Clean Water	41,000	4,000
Veterans Mortgage Revenue Bonds	--	371
Veterans Trust	371	--
Internal Service:		
Material and Services to State Agencies	1,303	16
Information Technology Services	16	--
Fleet Services	--	2
Printing and Other Services	--	1,301
Non-expendable Trust:		
State Housing Authority Reserve	--	4,895
Total Residual Equity Transfers	$ 57,217	$ 57,217

Residual equity transfers to proprietary fund types are reported as additions to contributed capital; those from proprietary fund types are reported as reductions of retained earnings or contributed capital depending on whether the transfers represent a return of contributions. Transfers of purchased fixed assets from a proprietary fund to the General Fixed Assets Account Group are reported as a residual equity transfer out in the proprietary fund type and as an asset in the account group. Transfers of long-term debt from a proprietary fund to the General Long-term Debt Account Group are reported as a reduction of the residual equity transfer out of the proprietary fund and as a liability in the account group.

B. Operating Transfers

Operating transfers in and out that occurred during Fiscal Year 1997 were as follows (in thousands):

Fund	Operating Transfers In	Operating Transfers Out
General	$ 36,931	$ 1,586,429
Special Revenue:		
Transportation	20	20,105
Conservation	12,260	1,152
Wisconsin Elections Campaign	307	--
Employe Trust Funds Administration	--	180
Petroleum Inspection	8	1,809
Environmental	1,809	--
Recycling	404	7,034
Information Technology Investment	--	3,727
Property Tax Relief	257,756	--
Debt Service:		
Bond Security and Redemption	212,158	5,250
Transportation Revenue Bonds	790	--
Capital Projects:		
Building Trust	936	11
Capital Improvement	16,035	1,625
Transportation Revenue Bonds	--	790
Enterprise:		
State Fair Park	37	250
Home for Veterans	25	1,047
Mendota Mental Health Institute	19,489	79
Winnebago Mental Health Institute	15,221	73
Central Developmental Disabilities Center	432	935
Northern Developmental Disabilities Center	1	1,348
Southern Developmental Disabilities Center	--	1,054
Institutional Farm Operations	840	6
Institutional Canteen Operations	274	138
Lottery	--	13,389
State Life Insurance	--	829
Clean Water	16	--
Veterans Mortgage Loan Repayment	468	--
Wisconsin Public Broadcasting Foundation	--	4,292
Internal Service:		
Services to Nonstate Governmental Units	148	--
Materials and Services to State Agencies	316	--
Printing and Other Services	250	--
State Telephone System	335	386
Financial Services	--	356
Facilities Operations and Maintenance	5,456	2,195
Information Technology Services	211	335
Institutional Power Plants	--	80
Central Warehouse	--	7
Badger State Industries	--	32
Expendable Trust:		
Petroleum Violation	--	1,630
Unclaimed Property Program	--	12,000
Nonexpendable Trust:		
Common School	12,000	--
Historical Society	--	73
Pension Trust:		
Wisconsin Retirement System	206,613	--
University of Wisconsin System	873,575	6,475
Total	$1,675,121	$ 1,675,121

(Continued)

NOTE 12. RESTATEMENTS OF BEGINNING FUND BALANCE/RETAINED EARNINGS AND OTHER CHANGES

For Fiscal Year 1997, the following reclassifications and adjustments have resulted in beginning fund balance/retained earnings restatement (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust
Fund Balances/Retained Earnings June 30, 199(as previously reporte	$ (918,513)	$ 284,136	$ 7,009	$ 88,336	$ 75,376	$ 7,007	$ 40,268,265
Inclusion of University of Wisconsin Hospitals and Clinics Authority in reporting entity as a component unit	--	--	--	--	--	--	--
Restatement of Pension Trust Fund's fund for Implementation of GASB Statement No. 2 *Accounting for Pensions by State and Local Governmental Employers*	--	--	--	--	--	--	2,055,718
Restatement of the Wisconsin Housing and Economi Development Authority's retained earnings fo implementation of GASB Statement No. 3 *Accounting and Financial Reporting for Certain Investments* and *for External Investment Pools*	--	--	--	--	--	--	--
Restatement of Deferred Compensation Fund's balance for implementation of GASB Statement No. 3 *Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans*	--	--	--	--	--	--	521,984
Restatement of State Life Insurance Fund's retaine earnings for implementation of FASB Statement No. 12 *Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Long-Duration Participating Contracts*	--	--	--	--	(6,431)	--	--
Reclassifications of GAAP fund structure:							
State Nursery Operations	--	1,406	--	--	(514)	--	--
Wisconsin Natural Resources Magazine	--	99	--	--	(90)	--	--
Terminal Charges	(206)	--	--	--	--	435	--
Other Trusts	67	--	--	--	268	--	(335)
Restatement of Transportation Fund's fund balanc based on further analysis of activity	--	14,472	--	--	--	--	--
Change in fixed assets capitalization dollar thresho from $1000 to $5000	--	--	--	--	(4,062)	(263)	--
Other adjustments of assets and liabilities as o June 30, 1996	(1,186)	--	3,569	5	1,606	(16)	--
Fund balances/retained earnings, July 1, 199(as restated	$ (919,838)	$ 300,114	$ 10,579	$ 88,341	$ 66,152	$ 7,163	$ 42,845,632
Effect of restatements on the amount of excess revenues and other sources over expenditure and other uses or the amount of the net incom of Fiscal Year 1996	$ 3,307	$ 14,514	$ 3,569	$ 0	$ 783	$ (826)	$ 149,423

Amounts reported for fixed assets as of July 1, 1996 in Note 4 have been restated from amounts previously reported in the 1996 Comprehensive Annual Financial Report to reflect items removed as a result of the change in the capitalization threshold and additional assets identified as existing at that date.

As discussed above, the State implemented GASB Statement No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* in Fiscal Year 1997. As a result, the Deferred Compensation Plan Fund, reported as an agency fund in previous fiscal years, was reclassified as an expendable trust fund in Fiscal Year 1997.

University of Wisconsin System					
Current			Endowment		Component
Unrestricted	Restricted	Loan	And Similar	Plant	Units
$ 258,888	$ 25,256	$ 156,080	$ 181,979	$ 3,077,379	$ 226,691
(60,808)	--	--	--	(266,515)	188,408
--	--	--	--	--	--
--	--	--	--	--	(12,668)
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	(322,893)	--
(1,038)	3,645	177	--	--	--
$ 197,042	$ 28,901	$ 156,257	$ 181,979	$ 2,487,971	$ 402,431

NOTE 13. FUND EQUITY

The following schedule enumerates the components of Fund Equity of the various funds as of June 30, 1997 (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	University of Wisconsin System	Component Units	Total
Contributed Capital	$ --	$ --	$ --	$ --	$ 866,250	$23,045	$ --	$ --	$ --	$ 889,295
Retained Earnings:										
Reserved for:										
Future Benefits	--	--	--	--	7,047	--	--	--	3,620	10,667
Market Value Adjustments	--	--	--	--	56,494	--	--	--	--	56,494
Bonds	--	--	--	--	--	--	--	--	127,865	127,865
Donors for Operations	--	--	--	--	--	--	--	--	1,559	1,559
Unreserved	--	--	--	--	128,060	7,358	--	--	304,470	439,888
Fund Balances:										
Reserved for:										
Encumbrances	146,444	397,253	--	107,387	--	--	9,049	131,005	--	791,138
Inventory	12,270	16,612	--	--	--	--	--	43,325	--	72,207
Prepaid Items	140,260	9,853	--	--	--	--	2,625	13,756	--	166,494
Employe Benefits	--	--	--	--	--	--	37,419,529	--	--	37,419,529
Market Value Adjustments	--	--	--	--	--	--	10,364,582	--	--	10,364,582
Unemployment Compensation	--	--	--	--	--	--	1,666,068	--	--	1,666,068
Auxiliary Operations	--	--	--	--	--	--	--	78,976	--	78,976
Restricted Funds	--	--	--	--	--	--	--	15,322	--	15,322
Loan Funds	--	--	--	--	--	--	--	161,356	--	161,356
Endowment and Similar Funds	--	--	--	--	--	--	--	192,405	--	192,405
Plant Funds	--	--	--	--	--	--	--	2,586,184	--	2,586,184
Unreserved:										
Designated for University Contingent Fund	--	--	--	--	--	--	--	3,611	--	3,611
Undesignated	(1,771,729)	19,307	4,295	(209,347)	--	--	1,087,391	40,834	--	(829,249)
Total Fund Equity	$(1,472,755)	$443,026	$4,295	$(101,960)	$1,057,851	$30,403	$50,549,243	$3,266,775	$437,514	$54,214,392

,

NOTE 14. DEFICIT FUND BALANCES/RETAINED EARNINGS AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS

A. Deficit Fund Balances/Retained Earnings:

In addition to the General Fund, funds reporting a deficit fund balance or retained earnings position at June 30, 1997 are (in thousands):

Special Revenue:	
Petroleum Inspection	$ 178,336
Information Technology Investment	3,693
Environmental Local Assistance	14,283
Capital Projects:	
Capital Improvement	89,356
Transportation Revenue Bonds	37,240
Enterprise:	
Home for Veterans	6,896
Mendota Mental Health Institute	14,303
Winnebago Mental Health Institute	13,307
Northern Developmental Disabilities Center	13,904
Central Developmental Disabilities Center	11,916
Southern Developmental Disabilities Center	16,933
Institutional Farm Operations	684
Patients Compensation	44,100
Duty Disability	157,561
Tuition Trust	247
Clean Water	20,014
Veterans Trust	37,055
Internal Service:	
Services to Nonstate Governmental Units	1,145
Printing and Other Services	1,125
Risk Management	63,206
Institutional Power Plant	2,488

B. Excess of Expenditures over Appropriations:

The Wisconsin Health Education Loan Repayment fund had budgeted expenditures of $93 thousand and actual expenditures of $102 thousand.

NOTE 15. CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts (in thousands):

	Enterprise	Internal Service
Clean Water Fund – Environmental Protection Agency grant for State revolving fund loans to municipalities	$ 43,680	$ --
Clean Water Fund – Residual equity transfers in from the Capital Improvement Fund totaling $41,000 less return of Contributed Capital to the General Fund of $4,000	37,000	--
Other changes to contributed capital	8,191	406
Subtotal	88,871	406
Contributed capital, beginning of year	777,379	22,639
Contributed capital, end of year	$ 866,250	$ 23,045

NOTE 16. RETIREMENT PLAN

The Wisconsin Retirement System (WRS) was established and is administered by the State of Wisconsin to provide pension benefits for State and local government public employes. The WRS consists of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust. Prior to Fiscal Year 1997, the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust were reported as individual pension trust funds. With the implementation of GASB Statement No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* in Fiscal Year 1997, these trusts are reported in one pension trust fund. Further, during Fiscal Year 1997, the Special Death Benefit Fund was reclassified from a pension trust fund to an expendable trust fund in order to more consistently reflect its similarity to a life insurance program. This reclassification has no effect on fund balance.

The WRS is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information for the year ending December 31, 1996, may be obtained by writing to:

Department of Employe Trust Funds
P.O. Box 7931
Madison, WI 53707-7931.

Plan Description

The WRS, governed by Chapter 40 of the Wisconsin Statutes, is a cost-sharing multiple-employer defined benefit pension plan. It provides coverage to all eligible State of Wisconsin, local government and other public employes. Any employe of a participating employer who is expected to work at least 600 hours per year for at least one year must be covered by the WRS. As of December 31, 1996, the number of participating employers was:

State Agencies	63
Cities	153
Counties	71
4th Class Cities	34
Villages	174
Towns	128
School Districts	438
WTCSB Districts	16
Other	141
Total Employers	1,218

Prior to January 1, 1990, benefits for WRS members were fully vested at the time they met the participation requirements. Effective January 1, 1990, creditable service in each of five years is required for eligibility for a retirement annuity. Employes who retire at or after age 65 (55 for protective occupation employes, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is 2.0 percent for executives, elected officials and protective occupations with social security; 2.5 percent for protective occupations without social security; and 1.6 percent for all others.

Employes may retire at age 55 (50 for protective occupation employes) and receive reduced benefits. Employes terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employes.

Accounting Policies and Plan Asset Matters

The financial statements of the WRS have been prepared in accordance with generally accepted accounting principles, using the flow of economic resources measurement focus and a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the variable retirement investment trust and the fixed retirement investment trust. The variable retirement investment trust consists primarily of equity securities. The fixed retirement investment trust is a balanced investment fund made up of fixed income securities and an investment in the variable retirement investment trust. Shares in the fixed retirement investment trust and the variable retirement investment trust are purchased as funds are made available from retirement contributions and investment income, and sold as funds are needed for benefit payments and other expenses.

The assets of the fixed and variable retirement investment trusts are carried at market value with all market value adjustments recognized in current operations. Investments are revalued monthly to current market value. The resulting valuation gains or losses are recognized

as income, although revenue has not been realized through a market-place transaction.

The WRS does not have any investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5.0 percent or more of plan net assets.

State Contributions Required and Contributions Made

Covered State employes in the General/Teacher category are required by statute to contribute 6.5% of their salary (4.6% for Executives and Elected Officials, 6.1% for Protective Occupations with Social Security, and 6.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employes.

Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Required contributions were determined as part of an actuarial valuation at December 31, 1994. State contributions required and made for the years ended December 31, 1996, 1995, and 1994 were as follows (in millions):

	1996	1995	1994
Employer current service	$ 120.5	$ 114.2	$ 108.6
Percent of payroll	5.6%	5.3%	5.3%
Employer prior service	$ 28.2	$ 28.0	$ 26.7
Percent of payroll	1.3%	1.3%	1.3%
Employe required	$ 30.2	$ 24.6	$ 23.6
Percent of payroll	5.1%	5.1%	5.1%
Benefit adjustment contrib.	$ 111.1	$ 110.4	$ 105.2
Percent of payroll	1.4%	1.1%	1.1%
Percent of Required contributions	100%	100%	100%

The WRS uses the "Entry Age Normal with Frozen Initial Liability" actuarial method in establishing employer contribution rates. Under this method, the unfunded actuarial accrued liability is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by changes in benefit provisions. All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. The unfunded liability is being amortized over a 40 year period beginning January 1, 1990.

During Fiscal Year 1997, the WRS chose to early implement GASB Statement No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. In accordance with Statement No. 25, the unfunded actuarial accrued liability, excluding that of the police and firefighters trust, has been reclassified as pension-related debt of the participating employers and a receivable of the WRS.

As of December 31, 1996 and 1995, the WRS's unfunded actuarial accrued liability was $2.09 billion and $2.06 billion, respectively. These amounts are presented as Prior Service Contributions Receivable. New prior service liabilities resulting from employers entering the WRS or increasing their prior service coverage are recognized as contributions in the year service is granted and are added to the Prior Service Contributions Receivable. Employer contributions for prior service reduce the receivable. The receivable is increased as of calendar year end with interest at the assumed interest rate of 8 percent. Reclassification of the unfunded actuarial accrued liability resulted in a $2.06 billion increase in Fund Balance Reserved for Pension Benefits at the beginning of Fiscal Year 1997.

Employer Pension Costs

The State's unfunded liability as of December 31, 1996, was $625.1 million, or 29.9 percent of the total WRS unfunded liability of $2.09 billion. This liability was determined in accordance with GASB Statement No. 27; however, the calculation does not differ from that used for Statement No. 5. The State's unfunded liability for prior service is recorded in the General Long-term Debt Account Group. In prior fiscal years, the employer pension liability was the sum of the excess of interest costs over contributions retroactive to 1989, the first year data was available. The change to recording the entire unfunded liability increases the liability for Employer Pension Costs in the General Long-term Debt Account Group as of July 1, 1996, by $475.8 million.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the State participates in the Department of Employe Trust Funds administered post retirement life insurance and health insurance benefit programs. The State provides life and health insurance benefits for retired employes in accordance with Chapter 40 of the Wisconsin Statutes.

Post retirement life insurance is provided to employes retiring before age 65 if they (1) have 20 years of creditable service, and (2) are eligible for a retirement annuity. This coverage is at the employe's expense (employe must pay the full premium) until age 65 when reduced coverage is provided at no cost. Employes retiring at or after age 65 are immediately eligible for reduced coverage at no cost. Beginning in the month in which an insured annuitant reaches age 65, premiums are no longer collected and coverage is continued for life. Approximately 11,100 State annuitants currently qualify for coverage without premium. Post retirement life insurance is fully insured by an independent insurance carrier. Premiums are prefunded with employer paid premiums during the employe's active career. The amount of premiums is determined by the insurer. The accrued liability for the post retirement life insurance benefits at December 31, 1996, determined through an actuarial valuation performed as of that date, was $208.6 million. The program's assets on that date were $208.2 million. The unfunded liability was $0.4 million.

In accordance with Chapter 40, Wisconsin Statutes, the State also provides that employes retiring and beginning an immediate annuity are eligible for conversion of unused sick leave to post retirement health insurance. At the time of eligibility for an immediate annuity or employe's death, that employe's accumulated unused sick leave balance may be converted at the employe's current rate of pay to credits for the payment of health insurance premiums for the employe or the employe's surviving dependents. The program also provides partial matching of sick leave accumulation depending on years of service and employment category. Health insurance premiums are paid on the employe, or employe's dependents behalf, until the sick leave conversion credits are exhausted. At that time, the employe has the option to continue coverage by paying the total cost of the premiums. Approximately 6,900 annuitants are currently receiving health insurance coverage through sick leave conversion credits. Accumulated sick leave conversion is prefunded based on an actuarially determined percentage of payroll. The actuarial valuation is based on the entry age actuarial cost method.

Significant actuarial assumptions include an 8 percent assumed interest rate, 5.3 percent assumed annual salary growth, and an average sick leave accumulation of 5.7 days per year for non-University employes and 7.3 days per year for University employes. The assets and reserves of the sick leave conversion program are accounted for as an expendable trust fund. The accrued liability for the post retirement health insurance benefits at December 31, 1996, determined through an actuarial valuation performed on that date, was $910.9 million. The program's assets on that date were $283.3 million. The unfunded liability was $627.6 million.

Assets of the life insurance and health insurance benefit programs are valued at amortized cost, which approximates market value.

The State's postemployment life and health insurance required and actual contributions totaled $3.2 million and $41.8 million, respectively, during the calendar year ended December 31, 1996.

NOTE 18. PUBLIC ENTITY RISK POOLS ADMINISTERED BY THE DEPARTMENT OF EMPLOYE TRUST FUNDS

The Department of Employe Trust Funds operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance and long term disability insurance. The information provided in this note applies to the period ending December 31, 1996.

A. Description of Funds

The Health Insurance Fund offers group health insurance for current and retired employes of the State government and of participating local public employers. All public employers in the State are eligible to participate. One hundred fifty local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. The fund includes both a self-insured, fee-for-service plan as well as various prepaid plans, primarily Health Maintenance Organizations (HMO's).

The Income Continuation Insurance Fund offers disability wage continuation insurance for current employes of the State government and of participating local public employers. All public employers in the State are eligible to participate. Seventy-five local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. As a result of favorable investment experience and actuarial gains, the State Income Continuation Insurance program accumulated sufficient assets to allow the suspension of premiums in April 1988. Premium collection resumed in August 1996. The plan is self-insured.

The Duty Disability Fund offers special disability insurance for State and local Wisconsin Retirement System participants in protective occupations. Participation in the program is mandatory for all Wisconsin Retirement System employers with protective occupation employes. Four hundred eighteen local employers plus the State currently participate. The plan is self-insured and risk is shared between the State and local portions of the plan.

The Long Term Disability Insurance Fund offers long term disability benefits to participants in the Wisconsin Retirement System (WRS). The long term disability benefits provided by this program are an alternative coverage to that currently provided by the WRS. All new WRS participants on or after October 15, 1992, are eligible only for the long term disability insurance coverage, while participating employes active prior to October 1, 1992, may elect coverage through WRS or the long term disability insurance program.

B. Accounting Policies for Risk Pools

Basis of Accounting - All Public Entity Risk Pools are accounted for in enterprise funds using the full accrual basis of accounting and the flow of economic resources measurement focus.

Valuation of Investments - Assets of the Health Insurance Fund are invested in the State Investment Fund. Investments are valued at amortized cost, which approximates market value.

Assets of the Income Continuation Insurance, Duty Disability and Long Term Disability Insurance funds are invested in the fixed retirement investment trust. Investments are valued at current market.

Unpaid Claims Liabilities - Claims liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for health insurance. It is discounted using interest rates of 8 percent for income continuation and long-term disability insurance, and 5 percent for duty disability insurance. The unpaid claims liability for health insurance was calculated by the State. The liabilities for income continuation, long-term disability, and duty disability insurance were determined by actuarial methods. Face values are not available.

In developing the Duty Disability unpaid claims liabilities and the corresponding contribution rates necessary to fund the liabilities, the actuarial assumption for mortality was changed from healthy life twelve years older to a three year set forward with mortality multipliers of 98 percent for males and 97 percent for females. As a result of this change, the December 31, 1996 estimated incurred liability increased by $19.1 million. The Fund's accounting deficit is being amortized over a twenty-seven year period beginning January 1, 1997.

Administrative Expenses - All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Premium deficiencies are not calculated because acquisition costs are immaterial. Claim adjustment expenses are also immaterial.

Reinsurance - Health insurance plans provided by HMO's and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.

Risk Transfer - Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of the fund were exhausted, participating employers would not be responsible for the fund's liabilities.

Premium Setting - Premiums are established by the Group Insurance Board (Health, Income Continuation Insurance and Long Term Disability Insurance) and the Employe Trust Funds Board (Duty Disability) in consultation with actuaries.

C. Unpaid Claims Liabilities

As discussed in Section B of this Note, each fund establishes a liability for both reported and unreported insured events, which is an estimate of future payments of losses. The following represents changes in those aggregate liabilities for the nonreinsured portion of each fund during Calendar Year 1996 (in millions):

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-term Disability Insurance	
	1995	1996	1995	1996	1995	1996	1995	1996
Unpaid claims at beginning of the calendar year	$11.1	$12.3	$39.5	$41.0	$135.5	$145.6	$4.3	$ 8.4
Incurred claims:								
Provision for insured events of the current calendar year	65.8	54.9	19.4	18.7	4.8	15.5	5.4	4.5
Changes in provision for insured events of prior calendar years	0.6	(1.1)	(10.9)	(9.5)	18.1	39.8	(0.6)	(0.7)
Total incurred claims	66.4	53.8	8.5	9.2	22.9	55.3	4.8	3.8
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current year	53.6	46.1	2.7	2.4	0.0	0.1	0.1	0.1
Claims and claim adjustment expenses attributable to insured events of prior calendar years	11.6	10.9	4.3	5.3	12.8	13.4	0.6	1.3
Total Payments	65.2	57.0	7.0	7.7	12.8	13.5	0.7	1.4
Total unpaid claims expenses at end of the calendar year	$12.3	$ 9.1	$41.0	$42.5	$145.6	$187.4	$8.4	$10.8

D. Trend Information

Historical trend information showing revenue and claims development information is presented in the Department of Employe Trust Funds December 31, 1996 audited financial statements. Copies of these statements may be requested from:

The Department of Employe Trust Funds
P.O. Box 7931
Madison, Wisconsin 53707-7931

NOTE 19. SELF-INSURANCE

It is the general policy of the State not to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the State believes it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund. The fund services most claims for risk of loss to which the State is exposed, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. All funds and agencies of the State participate in the Risk Management Fund.

State Property Damage

Property damages to State-owned properties are covered by the State self-funded property program up to $2.5 million in an annual aggregate. Insurance is purchased for losses in excess of this amount. The excess limits were written to $200 million during Fiscal Year 1997.

The liabilities for State property damage are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities is based on the reserves on open claims and paid claims. Losses incurred but not reported are expected to be immaterial. Claims incurred but not paid as of June 30, 1997 are estimated to total $4.4 million. This amount, less $2.3 million of which the State will be reimbursed through excess insurance coverage, is reported as future benefits and loss liabilities.

Property Damages and Bodily Injuries to Third Parties

The State is self-funded for third party liability to a level of $2 million per occurrence and purchases insurance in excess of this self-funded retention. The policy limit during Fiscal Year 1997 was $50 million.

The liabilities for property damages and injuries to third parties are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities for the prior fiscal year was the reserves on open claims. The estimate for future benefits and loss liabilities is calculated by an actuary based on the reserves on open claims and prior experience. No liability is reported for environmental impairment liability claims incurred but not reported because prior experience is insufficient to make a reasonable estimate. Because actual claims liabilities depend upon complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims incurred but not paid as of June 30, 1997 are estimated to total $36.0 million.

Worker's Compensation

The Worker's Compensation Program was created by Wisconsin Statutes Chapter 102 to provide benefits to workers injured on the job. All employes of the State are included in the program. An injury is covered under worker's compensation if it is caused by an accident that arose out of and in the course of employment.

The responsibility for claiming compensation is on the employe. A claim must be filed with the program within two years from the date of injury, otherwise the claim is not allowable.

For the prior fiscal year, the estimate for future benefits and loss liabilities was determined by developing the prior paid claims to the ultimate expected costs by using insurance industry loss development factors. The worker's compensation liability has been determined by an actuary using paid claims and current claims reserves. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by external factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims incurred but not paid as of June 30, 1997 are estimated to total $37.2 million.

Changes in the balances of claims liability for the Risk Management Fund during the current and prior fiscal years are as follows (in thousands):

	1997	1996
Beginning of fiscal year liability	$ 69,920	$ 103,914
Current year claims and changes in estimates	24,266	(16,165)
Claim payments	(16,642)	(17,829)
Balance at fiscal year-end	$ 77,544	$ 69,920

Annuity Contracts

The Risk Management Fund purchased annuity contracts in various claimants' names to satisfy claim liabilities. The likelihood that the fund will be required to make future payments on those claims is remote and, therefore, the fund is considered to have satisfied its primary liability to the claimants. Accordingly, the annuity contracts are not reported in, and the related liabilities are removed from, the fund's balance sheet. The aggregate outstanding amount of liabilities removed from the financial statements at June 30, 1997 is $ 2.2 million.

NOTE 20. INSURANCE FUNDS

A. Local Government Property Insurance Fund

Created by the Legislature in 1911, the purpose of the Local Government Property Insurance Fund is to provide property insurance coverage to tax-supported local government units such as counties, towns, villages, cities, school districts and library boards. Property insured includes government buildings, schools, libraries and motor vehicles. Coverage is available on an optional basis. As of June 30, 1997, the Local Government Property Insurance Fund insured 1,099 local governmental units. The total amount of insurance in force as of June 30, 1997 was $19.4 billion.

Valuation of Cash Equivalents and Investments - All investments of the Local Government Property Insurance Fund are managed by the State of Wisconsin Investment Board, as discussed in Note 3-B to the financial statements. At June 30, 1997, the fund had $16.7 million of shares in the State Investment Fund which are considered cash equivalents and $.3 million of high grade, long-term, fixed income obligations. Fixed income obligations are valued at amortized cost.

Premium - Unearned premium reported as deferred revenue represents the daily pro rata portion of premium written which is applicable to the unexpired terms of the insurance policies in force. Policies are generally written for annual terms.

Unpaid Claims Liabilities - The Local Government Property Insurance Fund establishes future benefits and loss liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The liability for losses is not discounted to present value. Claims liabilities are recomputed periodically to produce current estimates that reflect recent settlements, claim frequency, and other economic factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to future benefits and loss liabilities are charged or credited to expense in the periods in which they are made.

Policy Acquisition Costs - Since the Local Government Property Insurance Fund has no marketing staff and incurs no sales commissions, acquisition costs are minimal and charged to operations as incurred.

Premium Deficiency – Investment income is considered in determining whether a premium deficiency exists. No premium deficiency existed at June 30, 1997.

Reinsurance - The Local Government Property Insurance Fund uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the fund as direct insurer of the risks reinsured. The fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. As of June 30, 1997 the fund had $200 million of per occurrence excess of loss reinsurance in force with a $500 thousand combined single limit retention for each occurrence, and an annual aggregate reinsurance contract with a $6 million annual aggregate retention plus a per claim retention of $10 thousand once the aggregate is met, as respects occurrences for the term of the agreement Premium ceded to reinsurers during the fiscal year amounted to $1.9 million on a written basis and $1.7 million on an earned basis. The amount deducted from the unpaid claim liability as of June 30, 1997 for reinsurance was $1.0 million.

Unpaid Claims Liabilities

As discussed above, the Local Government Property Insurance Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the fund during the past two fiscal years (in thousands):

	1997	1996
Unpaid claims and claim adjustment expenses at beginning of the year	$4,086	$2,127
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	7,157	7,311
Increase (decrease) in provision for insured events of prior years	(433)	417
Total incurred claims and claim adjustment expenses	6,724	7,728
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	4,059	3,475
Claims and claim adjustment expenses attributableto insured events prior years	3,508	2,294
Total payments	7,567	5,769
Net unpaid claims and claim adjustment expenses at end of year	3,243	4,086
Reinsurance recoverable	1,055	3,303
Total unpaid claims and claim adjustment expenses	$4,298	$7,389

Trend Information

Historical trend information showing revenue and claims development information is presented in the Office of the Commissioner of Insurance June 30, 1997 financial statements. Copies of these statements may be requested from:

Office of the Commissioner of Insurance
121 East Wilson Street
Madison, Wisconsin 53702

B. State Life Insurance Fund

The State Life Insurance Fund was created under Chapter 607, Wisconsin Statutes, to offer life insurance to residents of Wisconsin in a manner similar to private insurers. This fund functions much like a mutual life insurance company and is subject to the same regulatory requirements as any life insurance company licensed to operate in Wisconsin.

Premiums are reported as earned when due. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the life of the contracts. This association is accomplished by means of the provision for liabilities for future benefits and the amortization of acquisition costs.

The costs of policy issuance and underwriting, all of which vary with, and are primarily related to, the production of new business, have been deferred. These deferred acquisition costs are being amortized over a thirty year period. This period approximates the aggregate premium paying period. The amortization is in proportion to the ratio of the annual premium revenue to the total premium revenue anticipated. Such anticipated premium revenue was estimated using similar assumptions to those used for computing liabilities for future policy benefits.

Deferred Acquisition Cost Assumptions

Issue Years	Interest Rate	Lapse Rate	Mortality
1913-1966	3.0%	2.0%	None
1967-1976	3.0	2.0	None
1977-1985	4.0	2.0	None
1986-1994	5.0	2.0	None
1995+	4.0	2.0	None

Amortization for the year ended June 30, 1997 amounted to $53 thousand. The State Life Insurance Fund does not pay commissions nor does it incur agent expenses.

Future benefits and loss liabilities have been computed by the net level premium method based upon estimated future investment yield, mortality and withdrawals. The composition of liabilities and the more material assumptions pertinent thereto are presented below (in thousands):

Issue Year	Ordinary Life Insurance in Force	Amount of Policy Liability
1913-1966	$ 17,058	$ 9,516
1967-1976	46,673	13,928
1977-1985	93,194	16,763
1986-1994	58,483	3,673
1995+	14,062	623
	$ 229,470	$ 44,503

Bases of Assumptions

Issue Year	Interest Rate	Mortality
1913-1966	3.0%	American Experience, ALB*
1967-1976	3.0	1958 CSO, ALB, Unisex
1977-1985	4.0	1958 CSO, ALB, Female Setback 3 years
1986-1994	5.0	1980 CSO, ALB, Aggregate
1995+	4.0	1980 CSO, ALB, Aggregate

* Age Last Birthday

All of the State Life Insurance Fund's ordinary life insurance in force is participating. This fund is required by statute to maintain surplus at a level between 7 percent and 10 percent of statutory admitted assets as far as practicably possible. All excess surplus is to be returned to the policyholders in the form of policyholder dividends. Policyholder dividends are declared each year in order to achieve the required level of surplus.

The statutory assets at December 31, 1996 were $63.9 million and the statutory capital and surplus were $6.2 million, and the capital and surplus at June 30, 1997 was $7.5 million.

C. Patients Compensation Fund

The Patients Compensation Fund was created in 1975 for the purpose of providing excess medical malpractice insurance for health care providers in the state. The Patients Compensation Fund pays that portion of a medical malpractice claim which is in excess of the legal primary insurance limit prescribed under law, or the maximum liability limit for which the health provider is insured, whichever limit is greater. Most health care providers permanently practicing or operating in the State of Wisconsin are required to pay Patients Compensation Fund operating fees.

The Future Benefits and Loss Liability Account includes individual case estimates for reported losses and estimates for incurred but not reported losses based upon the projected ultimate losses. Individual case estimates of the liability for reported losses and net losses paid from inception of the Patients Compensation Fund are deducted from the projected ultimate loss liabilities to determine the liability for incurred but not reported losses as of June 30, 1997 as follows (in thousands):

Projected ultimate loss liability	$	953,016
Less: Net loss paid from inception		(379,613)
Less: Liability for reported losses		(17,969)
Liability for incurred but not reported losses	$	555,434

The Future Benefits and Loss Liability Account also includes a provision for the estimated future payment of the costs to settle claims. These ultimate loss adjustment expenses as of June 30, 1997 are estimated at four percent of the projected ultimate loss liabilities. The loss reserves are actuarially determined. The loss adjustment expenses paid from the inception of the Patients Compensation Fund are deducted from the projected ultimate loss adjustment expenses provision to determine the liability for loss adjustment expenses as of June 30, 1997 as follows (in thousands):

Projected ultimate loss adjustment expense liability	$	38,121
Less: Loss adjustment expense paid from inception		(16,894)
Liability for loss adjustment expense	$	21,227

The uncertainties inherent in projecting the frequency and severity of large claims because of the Patients Compensation Fund's relatively short history, unlimited liability coverage, and extended reporting and settlement periods, makes it likely that the amounts ultimately paid will differ from the recorded estimated liabilities. These differences cannot be quantified.

The future benefits and loss liabilities are continually reviewed as adjustments to these liabilities become necessary. Such adjustments are reflected in current operations. Because of the changes in these estimates, the incurred but not reported losses and loss adjustment expenses for the fiscal year are not necessarily indicative of the loss experience for the year.

D. Health Insurance Risk Sharing Plan

The Health Insurance Risk Sharing Plan Fund was established in 1981 to provide major medical and Medicare supplemental insurance for persons unable to obtain this insurance in the private market or who can only obtain substandard or excessively costly insurance due to their health status. The Health Insurance Risk Sharing Plan is funded primarily by premiums paid by insureds of the plan, assessments made to participating insurers and premium and claim payment subsidies from the State of Wisconsin.

The financial statements of the Health Insurance Risk Sharing Plan Fund are prepared in conformity with accounting practices prescribed or permitted by the regulatory agency, the State's Office of the Commissioner of Insurance. Premiums are recognized as revenues ratably over the terms of the policies. Unearned premiums are computed on the pro rata basis. Policy acquisition costs are expensed as incurred. Assessments made to participating insurers are recognized as earned as loss claims and administrative expenses are incurred. At June 30, the excess of claims and administrative expenses incurred are calculated and compared to premium revenues earned. The excess of claims and administrative

expenses incurred over premium and investment revenues determines the amount of assessments needed to fund the plan. Under Wisconsin statutes, each participating insurer shall share in the operating and administrative expenses of the plan. Any deficit incurred by the plan shall be recouped by assessments apportioned among participating insurers based on a formula defined in the statutes.

The future benefits and loss liabilities include loss reserves reflecting the accumulation of losses reported but not paid prior to the close of the accounting period and estimates of incurred but unreported losses. Loss reserves are actuarially determined and are based on historical patterns of claim payments and represent the estimated ultimate cost of settling claims incurred prior to June 30. Due to the inherent uncertainties in the reserving process, loss reserves as computed may not reflect the actual payments ultimately to be made. The methods for making such estimates and for establishing the resulting reserves are continually reviewed, and any adjustments are reflected in earnings currently.

The following represents changes in specific account balances for the prior two fiscal years (in thousands):

	1997	1996
Balance, beginning of year	$ 8,503	$ 11,118
Incurred related to:		
Current year	40,999	46,708
Prior years	(3,076)	(3,049)
Total Incurred	37,923	43,659
Paid related to:		
Current year	33,839	38,333
Prior years	5,289	7,941
Total Paid	39,128	46,274
Balance, end of year	$ 7,298	$ 8,503

The Future Benefits and Loss Liability Account also includes a reserve for loss adjustment costs to be incurred in settlement of the claims provided for in the loss reserves.

E. Wisconsin Health Care Liability Insurance Plan

The Wisconsin Health Care Liability Insurance Plan (the Plan) is a statutory unincorporated association established by rule of the Commissioner of Insurance of the State of Wisconsin as mandated by the State of Wisconsin legislature. The Plan provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin calling for payment of premium prior to the effective date of the policy. All insurers authorized to write personal injury liability insurance in the State of Wisconsin, with certain minor exceptions, are required to be members of the Plan.

The Plan generates its premium written revenue by selling medical malpractice insurance. Rates are calculated in accordance with generally accepted actuarial principles. The rates are set so that the Plan will be self-supporting. Profit is not the intent of the Plan.

Since the inception of the Plan in 1975, the health care liability coverage limits have increased from $200 thousand per occurrence and $600 thousand annual aggregate to the current limits of $400 thousand per occurrence and $1.0 million annual aggregate effective July 1, 1988. A general liability coverage is also available to participating health care providers with limits of $1.0 million per occurrence and $3.0 million annual aggregate effective July 1, 1990. The Plan is not covered under any reinsurance contracts.

In the event that sufficient funds are not available for the sound financial operation of the Plan, all members shall, on a temporary basis, contribute to the financial needs of the Plan. Members shall participate in the contributions in the proportion of their respective premiums to the aggregate premiums written by all members of the Plan. Such assessments shall be recouped by rate increases applied prospectively. There were no assessments for the year ended December 31, 1996.

The future benefits and loss liability includes amounts determined from individual reported losses (case reserves) and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability will differ from the amounts provided. The methods for making such estimates and for establishing the resulting liability are annually reviewed, and any adjustments are reflected in income currently. Specific account balances as of December 31, 1995 and December 31, 1996, are as follows (in thousands):

	1996	1995
Balance at January 1	$ 138,660	$ 138,260
Incurred related to:		
Current year	12,488	14,499
Prior years	(10,093)	(8,686)
Total Incurred	2,395	5,813
Paid related to:		
Current year	157	204
Prior years	5,751	5,209
Total paid	5,908	5,413
Balance at December 31	$ 135,147	$ 138,660

NOTE 21. LITIGATION, CONTINGENCIES AND COMMITMENTS

A. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations.

Claims and Judgments Reported in General Long-term Debt Account Group

The State accrues liabilities related to legal proceedings, if a loss is probable and reasonably estimable. Such losses, totaling $5.4 million on June 30, 1997 and reported in the General Long-term Debt Account Group, are discussed below:

Litigation – Domestic Mutual Insurance Companies. This case involves the question of whether Heritage Mutual Insurance Company and all other domestic mutual insurance companies are statutorily entitled to reduce the amount of their previously required add backs of federally exempt interest and dividend income solely as a result of the newly-enacted fifteen percent federal reduction in the deduction for losses incurred under the Tax Reform Act of 1986. The Court of Appeals ruled against the State in February, 1997. A liability of $2.0 million is reported in the General Long-term Debt Account Group at June 30, 1997.

Other Litigation - The Department of Health and Family Services, formerly the Department of Health and Social Services, is involved in other various legal proceedings where the ultimate disposition is estimated at $1.0 million which is reported in the General Long-term Debt Account Group.

Other Claims - Work Injury Supplemental Benefits - The Work Injury Supplemental Benefit Fund, administered by the Department of Workforce Development, formerly the Department of Industry, Labor and Human Relations, provides compensatory payments to survivors of fatally injured employes or disabled employes with work-related injuries. The liability for annuities to be paid to the above individuals totaled $2.5 million at June 30, 1997, and is reported in the General Long-term Debt Account Group.

Tax Refunds Reported in the General Fund

Federal Pension Income - Due to an adverse decision in Hogan et al v. Wisconsin Department of Revenue, settlement has been reached with approximately 3,200 military retirees and 14,000 federal civilian retirees for refunds of State income taxes, with interest, for the period 1984 through 1988. Hogan relied on the United States Supreme Court ruling in *Davis v. Michigan Department of the Treasury* that state governments may not discriminate against federal retirees in the taxation of their retirement benefits based on the source of such payments. The Wisconsin Department of Revenue estimated that the amount to be paid by the State totaled $77.4 million as of June 30, 1993. Payments of $10.1 million, $28.4 million, $26.2 million and $3.0 million were made in Fiscal Year 1994, Fiscal Year 1995, Fiscal Year 1996, and Fiscal Year 1997, respectively. Subsequent payments will be made in Fiscal Year 1998. The liability of $9.0 million as of June 30, 1997 is reported in the General Fund as Tax Refunds Payable.

Corporate Tax Apportionment Methodology - Due to a Wisconsin Tax Appeals Commission (the Commission) ruling in NCR Corporation v. Wisconsin Department of Revenue, settlement has been reached for refunds of State corporate income taxes, with interest. The Commission ruled that the method used by the State for apportioning taxable income to Wisconsin by multi-state corporations was unconstitutional. The Wisconsin Department of Revenue estimated that the amount to be paid by the State totals $7.7 million, which is reported in the General Fund as Tax Refunds Payable and a reduction in tax revenue.

Computer Software - This is a sales tax case, brought on by *Manpower International against the Wisconsin Department of Revenue*, with the issue being whether or not computer software is tangible personal property, subjecting it to the State's sales and use tax. Both the Wisconsin Tax Appeals Commission and the Circuit Court ruled that it was not tangible personal property. The Court of Appeals, District IV affirmed the ruling in August, 1996. The Supreme Court denied review in December, 1996. The Wisconsin Department of Revenue estimated that the amount to be paid by the State is $11.6 million, which is reported in the General Fund as Tax Refunds Payable and a reduction in tax revenue.

Special Performance Dividend Reported in the General Fund

In January 1997, the State Supreme Court ruled that the Special Performance Dividend (SPD), which had been paid from January 1988 to present, is unconstitutional. The case was remanded to the Circuit Court, with directions that the Circuit Court order defendants to pay from the State treasury to the fixed annuity reserve account of the Wisconsin Retirement System (WRS) an amount equal to all disbursed SPD payments (including a $3.8 million reimbursement to the State for State funds advanced to finance the SPD), plus interest at the "effective rate" for the fixed annuity division of the WRS on all SPD payments from the date that the payments left the annuity reserve account. The Circuit Court approved a settlement of the matters remanded to the Circuit Court and in September 1997 entered an Order and Judgment ordering payments of $215.0 million from the State treasury in settlement of the lawsuit. The order directs that $210.9 million of the settlement must be paid on or before November 1997, and that $4.1 million of the settlement must be paid in January 1998.

In prior years the actuarial calculation of the estimated cost of the settlement had been reported in the General Long-term Debt Account Group. However, because of Order and Judgment entered by the Circuit Court, the $215.0 million is reported as a liability in the General Fund. In Fiscal Year 1997, an operating transfer out and a

corresponding operating transfer in of $206.6 million are reported in the General Fund and the WRS, respectively.

Other Claims, Judgments, and Contingencies

The State is also named as a party in other legal proceedings where the ultimate disposition and consequence are not presently determinable. However, the ultimate dispositions and consequences of any single legal proceeding or all legal proceedings collectively should not have a material adverse effect on the State's financial position, except as noted below.

Grants - The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State.

Wage Overtime Case - In May 1995, the Seventh Circuit Court of Appeals entered judgment relating to *Gerald Mueller vs Ronald Fiedler et al*, an action which was originally brought on behalf of certain State employes who have been categorized exempt from the Fair Labor Standards Act (FLSA) overtime provisions. The plaintiffs sought back-pay for overtime worked, plus liquidated damages, and attorney's fees.

The Seventh Circuit Court of Appeals reversed an earlier Federal District Court decision. The District Court had held that the Federal Department of Labor's criterion (known as the "salary basis test") for ruling that exempt employes are entitled to overtime pay was contrary to the intent of Congress because it would be unconstitutional to apply it to the State. The Circuit Court of Appeals held that the criterion was not unconstitutional as applied to the State because the test was equally valid in both the private sector as well as the public sector.

Currently, the State has petitioned the U.S. Supreme Court to review by writ of certiorari. Although at this time it is premature to estimate the potential impact of an unfavorable decision, a preliminary estimate indicates that the liability to the State could be approximately $4.3 million for all funds, $1.3 million for the Risk Management Fund and $3.0 million for the General Fund and other funds. Due to the uncertainty in predicting the outcome and the amount of the settlement, a liability has not been recorded as of June 30, 1997.

Wisconsin Central Ltd. v. Wisconsin Department of Revenue, et al (1989-1993); Wisconsin Central Ltd., and Fox Valley & Western Ltd. v. Wisconsin Department of Revenue (1994) and Wisconsin Central Ltd. and Fox Valley & Western Ltd. v. Wisconsin Department of Revenue (1995) - These are court actions in which 14 railroads are challenging the Wisconsin Department of Revenue's assessment of taxes for the 1989 through 1993 tax years. The Wisconsin Department of Revenue issued assessments on previously untaxed personal property of railroads based on a 1994 U.S. Supreme Court decision favorable to states under the Federal Railroad Revitalization and Regulatory Reform Act (4-R Act). The railroads allege that the reassessment violates State and Federal statutory and constitutional provisions. In addition, the railroads are challenging a portion of their 1994 and 1995 assessments under the 4-R Act.

The State has prevailed in the federal court actions, both of which were sustained on appeal. The State has prevailed on a number of preliminary issues in the State court actions. If the State were not to prevail, a preliminary estimate indicates that refunds of approximately $14.0 million would have to be paid to the claimants. Due to the uncertainty in predicting the outcome, a liability has not been recorded as of June 30, 1997.

Corporate Tax Measured by Interest from U.S. Securities - In this corporate franchise tax case, American Family Mutual Insurance Company and American Standard Insurance Company sought refunds of taxes paid that were measured by U.S. interest.

Federal law prohibits an income tax on U.S. interest, but allows a non-discriminatory franchise tax measured on U.S. interest. The insurance companies argued that because bonds authorized by the State for housing and development were exempt from State taxes, that the franchise tax was discriminatory. The State had heretofore held that the exemption applied only to direct State taxes and had uniformly included interest on the State authorized bonds in the franchise tax measure. The Wisconsin Tax Appeals Commission and the County Circuit Court upheld the State.

The Court of Appeals, District IV, reversed the decisions holding that the exemption from State taxes of the State authorized bonds included being exempt from the measure of the franchise tax. Thus, the franchise tax was discriminatory and outside the Federal exception.

The State intends to contest the case vigorously to the State Supreme Court. If the State were not to prevail, a preliminary estimate indicates that claims of approximately $85.5 million would have to be paid. However, due to the uncertainty in predicting the outcome, a liability has not been recorded as of June 30, 1997.

Environmental Clean-up Actions - The State is involved in environmental clean-up of property owned by the State that has the potential to cause soil and groundwater contamination. One hundred forty-eight sites have soil and/or groundwater contamination associated with underground storage tank releases with an estimated remediation cost of $7.7 million. The cost of remediation has not been determined for approximately 96 storage tanks installed prior to the enactment of the new underground storage tank regulations which remain in service. The estimated cost of removing the tanks is $1.6 million.

The State is also involved in environmental remediations on 17 properties that do not involve releases from underground storage tanks, with an estimated cost of $3.4 million.

B. Commitments

In addition to legal proceedings, the State is party to commitments which normally occur in governmental operations.

In addition to the amount of encumbrances outstanding at June 30, 1997 reported as Fund Balance - Reserved for Encumbrances, additional obligations at June 30, 1997 representing multi-year, long-term commitments included (in thousands):

Transportation Fund	$ 111,616
Transportation Revenue Bonds Capital Projects Fund	18,643
General Fund – Department of Commerce programs, including economic and community development programs	2,346

The Clean Water Fund was established to administer the Clean Water Fund Loan Program. Loans are made to local units of government for wastewater treatment projects for terms of up to 20 years. These loans are made at a number of prescribed interest rates based on environmental priority. The loans contractually are revenue obligations or general obligations of the local governmental unit. Additionally, various statutory provisions exist which provide further security for payment. The fund has made financial assistance commitments of $134.0 million as of June 30, 1997. These loan commitments are expected to be met through additional federal grants and proceeds from issuance of revenue obligations.

In addition, the revenue obligation bonds of the Leveraged Loan Program in the Clean Water Fund are collateralized by a security interest in all the assets of the Leveraged Loan Program. Neither the full faith and credit nor the taxing power of the State is pledged for the payment of the Clean Water Fund revenue obligation bonds. However, as the loans granted to local units of government are at an interest rate less than the revenue bond rate, the State is obligated by the Clean Water Fund General Resolution to fund, at the time each loan is made, a reserve which subsidizes the Leveraged Loan Program in an amount which offsets this interest disparity.

Also, Wisconsin Statutes require that the Clean Water Fund provide financial hardship assistance for those communities that qualify under Wis. Stat. Sec. 144.241(13). This assistance may come in the form of reduced interest rates or grants (not to exceed 90 percent of project costs). At fiscal year ended June 30, 1997, the Clean Water Fund committed to award $6.3 million of hardship grants.

The Wisconsin Housing and Economic Development Authority's mission was expanded since its creation to include administration of the Agricultural and Business Programs. These programs administer funds that are legislatively appropriated to subsidize interest and provide guarantees of principal balances of qualifying loans. At June 30, 1997, outstanding loan guarantees totaled $36.2 million.

The *Patients Compensation Fund* may be required to purchase an annuity as a result of a claim settlement. Under specific annuity arrangements, the fund may have ultimate responsibility for annuity payments if the annuity company and the reassignment company default on annuity payments. One of the fund's annuity providers has defaulted on $65 thousand in annuity payments, which the fund subsequently paid. The total estimated replacement value of the fund's annuities as of June 30, 1997 was $112.6 million. The fund reserves the right to pursue collection from State guarantee funds.

State Public Deposit Guarantee - As required by Wis. Stat. Sec. 34.08, the State is to make payments to public depositors for proofs of loss (e.g., loss resulting from a bank failure) up to $400 thousand per depositor above the amount of federal insurance. This statutory requirement guarantees that the State will make payments in favor of the public depositor that has submitted a proof of loss. Payments would be made in the order in which satisfactory proofs of loss are received by the State's Commissioner of Banking, until the designated appropriation is exhausted. At June 30, 1997, the appropriation available totaled $22.9 million. Losses become fixed as of the date of the loss. A public depositor experiencing a loss must assign its interest in the deposit, to the extent of the amount paid, to the Commissioner of Banking. Any recovery made by the Commissioner of Banking under the assignment is to be repaid to the appropriation. The possibility of a material loss resulting from payments to and recovery from public depositors is remote.

NOTE 22. SUBSEQUENT EVENTS

Bonds and Notes

Primary Government

Short-term Debt

Operating Notes – On July 1, 1997 the state issued $300.0 million of operating notes, and on November 12, 1997, the State issued an additional $150.0 million of operating notes. The proceeds of the notes were to be used within six months to fund local assistance payments to the State's municipalities and school districts, and finance day-to-day operations in anticipation of revenues received later in the fiscal year. The notes were issued because of an imbalance between the timing of payments disbursed and receipts collected. The imbalance exists because receipts are received in the second half of the fiscal year, primarily January, March and April. The notes will be paid at maturity on June 15, 1998.

On June 25, 1997, the State of Wisconsin Building Commission resolved to sell $82.7 million of General Obligation Commercial Paper Notes to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, equipment, or facilities. In July 1997, the State sold $25.0 million of the amounts so authorized. The Notes will mature no later than 270 days from the date of issuance.

Long-term Debt

State of Wisconsin General Obligation Bonds - In July 1997, the State issued $101.0 million of 1997 Series B general obligation bonds to provide proceeds to be used for the acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. Interest is payable on May 1 and November 1, commencing on May 1, 1998, with the bonds maturing on May 1 of the years 1999 through 2018.

In September 1997, the State issued $45.0 million of the 1997 Series D general obligation bonds to provide proceeds to be used for making veterans housing loans. Interest is payable on May 1 and November 1, commencing on May 1, 1998 with the bonds maturing on May 1 of the years 1999 through 2012. In addition, term bonds mature on November 1, 2017 and 2028.

In September 1997, the State issued $45.0 million of 1997 Series C general obligation bonds to provide proceeds to be used for making veterans housing loans. Interest is payable on May 1 and November 1 commencing on May 1, 1998. The bonds mature on November 1 of the years 2000 through 2013. In addition, term bonds mature on November 1, 2017, 2023, and 2026.

In October 1997, the State issued $5.0 million of general obligation bonds to provide proceeds to be used by the Clean Water Fund in its loan credit reserve account for the Fund's revenue bond program.

Component Unit

Wisconsin Housing and Economic Development Authority – In 1997 the Authority redeemed early $28.5 million of Home Ownership Revenue Bonds and Business Development Revenue Bonds as follows:

Home Ownership Revenue Bonds:

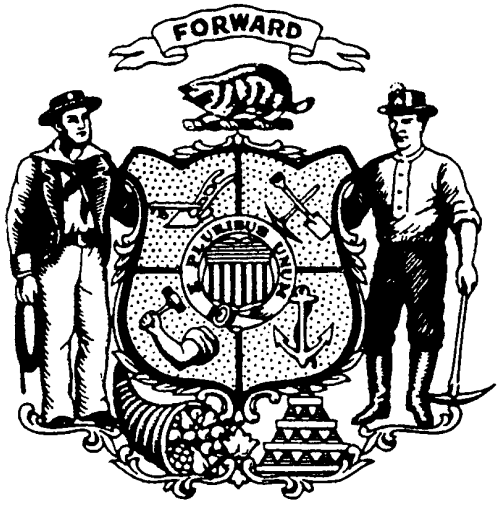
July redemptions: $4.5 million – includes $2.7 million taxable Home Ownership Revenue Bonds

September redemptions: $230 million – includes $150.0 thousand taxable Home Ownership Revenue Bonds

Business Development Revenue Bonds:

		Redemption
89 Series 5	$900,000	July 1, 1997
95 Series 5	20,000	August 1, 1997
95 Series 6	10,000	September 1, 1997

Further, in December 1997, the Authority issued an additional $75.0 million of Home Ownership Revenue Bonds Series G, H and I.


FORWARD

Special Revenue Funds

(Continued)

SPECIAL REVENUE: Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose. The State's special revenue funds are described below:

The **Transportation Fund** accounts for the proceeds from motor fuel taxes, vehicle registrations, licensing fees, and federal and local governments which are used to supply and support safe, efficient and effective transportation in Wisconsin.

The **Conservation Fund** accounts for the management of the State's fish, wildlife, parks and other natural resources with funds provided from hunting and fishing licenses, recreational fees and forestry taxes.

The **Heritage State Parks and Forests Fund** accounts for the funding for operations and maintenance of State parks, southern State forests, and recreation areas either directly or through partial matching grants to friends groups.

The **Wisconsin Health Education Loan Repayment Fund** accounts for administrative expenditures related to issuing Wisconsin Health Education Loan bonds. These expenditures are funded from trustee transfers.

The **Waste Management Fund** accounts for the closure and long-term care of approved landfills from fees imposed on landfill operators.

The **Wisconsin Elections Campaign Fund** accounts for taxpayer donated funding for political candidates. The donations are intended to replace special interest funds.

The **Investment and Local Impact Fund** accounts for grants and loans to municipalities where metalliferous minerals exist to offset the negative effects of mining projects. These grants and loans are funded with taxes which have been imposed on mining activities.

The **Industrial Building Construction Loan Fund** accounts for economic development grants and loans for the construction of industrial buildings. These grants and loans are funded primarily with investment income.

The **Work Injury Supplemental Benefit Fund** accounts for compensatory payments to survivors of fatally injured employes or disabled employes with work-related injuries. This compensation is provided with funds collected from Wisconsin employers and insurance carriers.

The **Uninsured Employers Fund** accounts for the administration of insurance enforcement activities and compensation to injured employes of uninsured employers. The revenue is primarily provided by funds collected from uninsured employers.

The **Mediation Fund** accounts for the resolution of disputes regarding medical malpractice. Dispute filing fees and fees charged to health care providers are the primary revenue sources.

The **Agrichemical Management Fund** accounts for the regulation and enforcement of pesticide, feed and fertilizer industries. The revenue is generated by licenses and fees assessed to these industries.

The **Employe Trust Funds Administration Fund** accounts for transactions related to the administration and general operations of the Department of Employe Trust Funds.

The **Badger Fund** accounts for the distribution of tax revenues to municipalities wishing to undertake recreational improvement projects and for general equalization school aid.

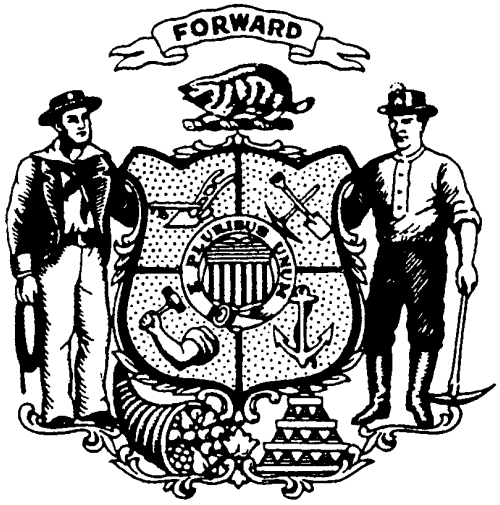
The **Petroleum Inspection Fund** accounts for revenues received from inspection fees on petroleum products shipped into Wisconsin. These proceeds are used for petroleum inspection programs, environmental cleanup awards, clean air and water administration and other environmental programs in the State of Wisconsin.

The **Environmental Fund** accounts for the development and enforcement of groundwater standards, as well as assistance in the emergency response, investigation and clean up of contaminated sites. This assistance is funded by fees on activities or substances which may contaminate groundwater and fees for solid waste tipping, pesticide licenses and oil inspections.

The **Recycling Fund** accounts for the general purpose revenues and moneys from recycling fees, used to reduce the amount of solid waste disposed of in landfills and incinerators.

The **Information Technology Investment Fund** accounts for revenues, primarily subscription fees from vendors, used to carry out information technology development projects, including paying for costs associated with technology-related equipment, software and support.

(Continued)


FORWARD

The **Property Tax Relief Fund** accounts for moneys set aside to provide property tax relief during the 1997-1999 biennium.

The **Environmental Local Assistance Fund** accounts for aid to local governments for environmental purposes such as the construction or improvement of point source water pollution abatement facilities, municipal clean drinking water grants, and stewardship grants. Revenues used to fund this program include bond proceeds and interest earnings.

Combining Balance Sheet - All Special Revenue Funds
June 30, 1997

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management	Wisconsin Elections Campaign	Investment and Local Impact	Industrial Building Construction Loan	Work Injury Supplemental Benefit
Assets									
Cash and Cash Equivalents	$ 196,028	$ 52,962	$ 699	$ -	$ 12,296	$ 204	$ 4,312	$ 263	$ 8,700
Receivables (net of estimated uncollectible accounts):									
Taxes	71,895	427	-	-	-	-	-	-	-
Other Receivables	20,242	621	-	-	-	-	-	-	46
Due from Other Funds	16,940	13,618	-	48	-	-	-	-	10
Interfund Loans Receivable	2,691	-	-	-	-	-	-	-	-
Due from Other Governments	68,839	8,964	-	-	-	-	-	-	-
Inventories	14,998	1,305	-	-	-	-	-	-	-
Prepaid Items	1,630	796	-	1	-	-	-	-	-
Other Assets	5	-	-	-	-	-	-	-	-
Total Assets	$ 393,268	$ 78,694	$ 699	$ 50	$ 12,296	$ 204	$ 4,312	$ 263	$ 8,757
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Other Accrued Liabilities	$ 83,640	$ 8,301	$ 30	$ 1	$ -	$ -	$ -	$ -	$ 948
Due to Other Funds	26,741	7,484	-	21	-	-	-	-	-
Interfund Loans Payable	-	-	-	7	-	-	-	-	-
Due to Other Governments	40,920	5,608	-	-	-	-	-	-	-
Tax Refunds Payable	3,939	-	-	-	-	-	-	-	-
Tax and Other Deposits	82	316	-	-	7,802	-	-	-	-
Deferred Revenue	12,659	755	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-	-	-
Short Term Notes Payable	-	-	-	-	-	-	-	-	-
Total Liabilities	167,981	22,464	30	30	7,802	-	-	-	948
Fund Balances:									
Reserved for Encumbrances	354,782	15,012	-	-	-	-	-	-	-
Reserved for Inventories	14,998	1,305	-	-	-	-	-	-	-
Reserved for Prepaid Items	1,630	796	-	1	-	-	-	-	-
Unreserved:									
Undesignated	(146,123)	39,116	669	19	4,494	204	4,312	263	7,809
Total Fund Balance	225,288	56,229	669	20	4,494	204	4,312	263	7,809
Total Liabilities and Fund Balance	$ 393,268	$ 78,694	$ 699	$ 50	$ 12,296	$ 204	$ 4,312	$ 263	$ 8,757

Uninsured Employers	Mediation	Agrichemical Management	Employe Trust Funds Administration	Badger	Petroleum Inspection	Environmental	Recycling	Information Technology Investment	Property Tax Relief	Environmental Local Assistance	Totals
$ 5,597	$ 447	$ 16,047	$ 4,370	$ 5,855	$ 4,785	$ 8,796	$ 41,494	$ 155	$ -	$ -	$ 363,011
-	-	-	-	-	-	-	4,106	-	-	-	76,427
2,693	-	-	-	-	97	81	6	-	-	-	23,787
-	20	117	59	-	9,659	5,397	11,411	112	257,756	-	315,148
-	-	-	38	-	-	-	-	-	-	-	2,729
-	-	-	-	-	-	716	-	-	-	-	78,519
-	-	31	278	-	-	-	-	-	-	-	16,612
-	3	18	61	-	41	15	7,290	-	-	-	9,855
-	-	-	-	-	-	-	-	-	-	-	5
$ 8,290	$ 471	$ 16,213	$ 4,806	$ 5,855	$ 14,582	$ 15,005	$ 64,306	$ 266	$ 257,756	$ 0	$ 886,093
$ 2	$ 14	$ 171	$ 1,062	$ -	$ 180,773	$ 865	$ 289	$ 1	$ -	$ 1	$ 276,100
-	3	259	757	5,442	1,255	5,112	8,073	-	-	-	55,147
-	-	-	-	-	-	-	-	-	-	4,481	4,488
-	-	82	-	-	10,890	538	7,195	-	-	5,202	70,434
-	-	-	-	-	-	-	172	-	-	-	4,110
-	-	-	-	-	-	719	-	-	-	-	8,918
1,898	-	-	-	-	-	-	-	-	-	-	15,312
-	-	-	-	-	-	-	-	3,958	-	-	3,958
-	-	-	-	-	-	-	-	-	-	4,599	4,599
1,900	17	512	1,818	5,442	192,919	7,234	15,728	3,959	-	14,283	443,067
-	-	299	634	-	1,156	4,682	14,584	-	-	6,102	397,252
-	-	31	278	-	-	-	-	-	-	-	16,612
-	3	18	61	-	41	15	7,290	-	-	-	9,855
6,390	450	15,353	2,014	413	(179,533)	3,074	26,705	(3,693)	257,756	(20,386)	19,307
6,390	453	15,701	2,988	413	(178,336)	7,771	48,578	(3,693)	257,756	(14,283)	443,026
$ 8,290	$ 471	$ 16,213	$ 4,806	$ 5,855	$ 14,582	$ 15,005	$ 64,306	$ 266	$ 257,756	$ 0	$ 886,093

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Special Revenue Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management	Wisconsin Elections Campaign	Investment and Local Impact	Industrial Building Construction Loan	Work Injury Supplemental Benefit
Revenues:									
Taxes	$ 716,251	$ 44,913	$ -	$ -	$ -	$ -	$ 642	$ -	$ -
Intergovernmental	437,446	15,118	-	-	-	-	-	-	-
Licenses and Permits	242,678	69,241	-	-	-	-	-	-	707
Charges for Goods and Services	11,570	19,157	-	125	-	-	-	-	-
Investment and Interest Income	7,780	2,164	30	-	226	15	275	13	487
Gifts and Donations	-	1,319	-	-	-	-	-	-	-
Other Revenues	7,438	1,731	669	-	5	23	-	-	-
Total Revenues	1,423,162	153,644	699	125	231	39	918	13	1,194
Expenditures:									
Current:									
Commerce	-	-	-	-	-	-	-	-	-
Education	-	-	-	103	-	-	-	-	-
Transportation	1,414,180	-	-	-	-	-	-	-	-
Environmental Resources	-	157,543	30	-	-	-	2,773	-	-
Human Relations and Resources	-	-	-	-	-	-	-	-	2,203
General Executive	-	-	-	-	-	487	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Total Expenditures	1,414,180	157,543	30	103	-	487	2,773	-	2,203
Excess of Revenues Over (Under) Expenditures	8,981	(3,899)	669	22	231	(448)	(1,855)	13	(1,009)
Other Financing Sources (Uses):									
Proceeds from Sale of Bonds	109	-	-	-	-	-	-	-	-
Operating Transfers In	20	12,260	-	-	-	307	-	-	-
Operating Transfers Out	(20,105)	(1,152)	-	-	-	-	-	-	-
Capital Leases Acquisitions	228	25	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(19,748)	11,133	-	-	-	307	-	-	-
Sources Over (Under) Expenditures and Other Uses	(10,767)	7,234	669	22	231	(141)	(1,855)	13	(1,009)
Fund Balances, Beginning of Year	236,323	49,044	-	(2)	4,263	345	6,167	249	8,817
Increase (Decrease) in Reserve for Inventories	(268)	(49)	-	-	-	-	-	-	-
Residual Equity Transfer Out	-	-	-	-	-	-	-	-	-
Fund Balances, End of Year	$ 225,288	$ 56,229	$ 669	$ 20	$ 4,494	$ 204	$ 4,312	$ 263	$ 7,809

Uninsured Employers	Mediation	Agrichemical Management	Employe Trust Funds Administration	Badger	Petroleum Inspection	Environmental	Recycling	Information Technology Investment	Property Tax Relief	Environmental Local Assistance	Totals
$ -	$ 2	$ -	$ -	$ 428	$ -	$ -	$ 51,030	$ -	$ -	$ -	$ 813,267
-	-	-	-	-	-	1,601	-	-	-	-	454,165
11	355	8,020	-	-	-	16,306	-	-	-	-	337,318
-	-	-	13,400	-	105,761	4	-	139	-	-	150,155
257	23	717	593	275	349	403	2,028	-	-	-	15,639
-	-	-	-	-	-	-	-	-	-	-	1,319
1,014	-	39	2	-	16	1,845	211	-	-	-	12,993
1,282	380	8,776	13,995	703	106,126	20,160	53,269	139	-	-	1,784,856
-	-	5,322	-	-	-	-	-	-	-	-	5,322
-	-	-	-	-	-	-	-	-	-	-	103
-	-	-	-	-	-	-	-	-	-	-	1,414,180
-	-	-	-	-	224,419	24,467	35,470	-	-	17,679	462,381
311	-	-	-	-	-	-	-	-	-	-	2,514
-	-	-	14,866	-	-	-	-	104	-	-	15,457
-	307	-	-	-	-	-	-	-	-	-	307
311	307	5,322	14,866	-	224,419	24,467	35,470	104	-	17,679	1,900,264
971	73	3,454	(871)	703	(118,293)	(4,307)	17,799	35	-	(17,679)	(115,409)
-	-	-	-	-	-	-	-	-	-	25,040	25,149
-	-	-	-	-	8	1,809	404	-	257,756	-	272,564
-	-	-	(180)	-	(1,809)	-	(7,034)	(3,727)	-	-	(34,008)
-	-	-	-	-	-	-	-	-	-	-	253
-	-	-	(180)	-	(1,802)	1,809	(6,630)	(3,727)	257,756	25,040	263,958
971	73	3,454	(1,051)	703	(120,095)	(2,498)	11,169	(3,693)	257,756	7,361	148,549
5,419	380	12,237	3,897	5,151	(58,242)	10,299	37,409	-	-	(21,644)	300,114
-	-	10	142	-	-	(30)	-	-	-	-	(195)
-	-	-	-	(5,442)	-	-	-	-	-	-	(5,442)
$ 6,390	$ 453	$ 15,701	$ 2,988	$ 413	$ (178,336)	$ 7,771	$ 48,578	$ (3,693)	$ 257,756	$ (14,283)	$ 443,026

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Transportation		Conservation		Heritage State Parks and Forests		Wisconsin Health Education Loan Repayment	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:								
Taxes	$ 715,235	$ 715,235	$ 45,558	$ 45,558	$ -	$ -	$ -	$ -
Departmental	823,045	823,045	115,113	115,113	699	699	119	119
Total Revenues	1,538,280	1,538,280	160,671	160,671	699	699	119	119
Expenditures:								
Current:								
Commerce	336	323	1,229	897	-	-	-	-
Education	5,911	4,918	-	-	-	-	93	102
Environmental Resources	1,741,313	1,518,334	195,151	150,598	30	30	-	-
Human Relations and Resources	7,658	6,112	904	827	-	-	-	-
General Executive	1,607	1,456	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
General	13,360	13,360	-	-	-	-	-	-
Total Expenditures	1,770,184	1,544,502	197,283	152,321	30	30	93	102
Excess of Revenues Over (Under) Expenditures	$ (231,905)	(6,222)	$ (36,612)	8,350	$ 669	669	$ 27	17
Fund Balances, Beginning of Year		220,981		55,960		-		(27)
Residual Equity Transfers		-		-		-		-
Fund Balances, End of Year		214,758		64,309		669		(10)
Less Encumbrances Outstanding at June 30, 1997		(563,454)		(19,288)		-		-
Fund Balances, End of Year Budgetary Basis		$ (348,695)		$ 45,021		$ 669		$ (10)

Waste Management		Wisconsin Elections Campaign		Investment and Local Impact		Industrial Building Construction Loan		Work Injury Supplemental Benefit	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ -	$ -	$ 642	$ 642	$ -	$ -	$ -	$ -
174	174	346	346	276	276	13	13	1,111	1,111
174	174	346	346	918	918	13	13	1,111	1,111
-	-	-	-	-	-	263	-	-	-
-	-	-	-	-	-	-	-	-	-
4,437	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	10,767	2,200
-	-	691	487	7,085	2,773	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
4,437	-	691	487	7,085	2,773	263	-	10,767	2,200
$ (4,263)	174	$ (345)	(141)	$ (6,167)	(1,855)	$ (249)	13	$ (9,656)	(1,089)
	4,320		345		6,167		249		9,656
	-		-		-		-		-
	4,494		204		4,312		263		8,567
	-		-		-		-		-
	$ 4,494		$ 204		$ 4,312		$ 263		$ 8,567

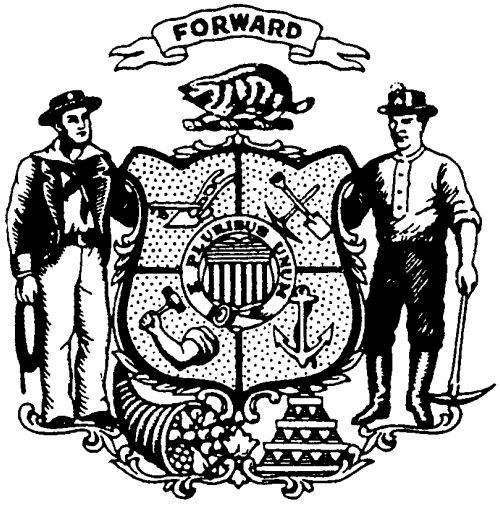
(Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	Uninsured Employers		Mediation		Agrichemical Management		Badger		Petroleum Inspection	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Taxes	$ -	$ -	$ 2	$ 2	$ -	$ -	$ 428	$ 428	$ -	$ -
Departmental	1,398	1,398	397	397	8,761	8,761	275	275	106,190	106,190
Total Revenues	1,398	1,398	399	399	8,761	8,761	703	703	106,190	106,190
Expenditures:										
Current:										
Commerce	-	-	-	-	12,952	5,310	-	-	106,157	103,972
Education	-	-	-	-	-	-	206	-	-	-
Environmental Resources	-	-	-	-	-	-	206	-	9,933	6,350
Human Relations and Resources	314	314	-	-	-	-	-	-	472	466
General Executive	-	-	-	-	-	-	-	-	122	118
Judicial	-	-	744	306	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-
Total Expenditures	314	314	744	306	12,952	5,310	413	-	116,685	110,906
Excess of Revenues Over (Under) Expenditures	$ 1,084	1,084	$ (344)	93	$ (4,191)	3,450	$ 291	703	$ (10,495)	(4,716)
Fund Balances, Beginning of Year		4,581		344		12,301		5,151		17,552
Residual Equity Transfers		-		-		-		(5,442)		-
Fund Balances, End of Year		5,665		438		15,751		413		12,836
Less Encumbrances Outstanding at June 30, 1997		-		-		(299)		-		(1,252)
Fund Balances, End of Year Budgetary Basis		$ 5,665		$ 438		$ 15,452		$ 413		$ 11,584

Environmental		Recycling		Information Technology Investment		Property Tax Relief		Totals	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ 51,479	$ 51,479	$ -	$ -	$ -	$ -	$ 813,344	$ 813,344
20,798	20,798	2,282	2,282	136	136	257,756	257,756	1,338,888	1,338,888
20,798	20,798	53,761	53,761	136	136	257,756	257,756	2,152,233	2,152,233
2,045	1,929	8,605	2,285	-	-	-	-	131,586	114,716
32	-	13,378	6,960	-	-	-	-	19,620	11,980
28,319	21,599	35,994	33,612	-	-	-	-	2,015,384	1,730,523
471	375	-	-	-	-	-	-	20,585	10,292
-	-	322	306	121	101	-	-	9,949	5,241
-	-	-	-	-	-	-	-	744	306
-	-	-	-	5,000	3,727	-	-	18,360	17,087
30,867	23,902	58,300	43,163	5,121	3,829	-	-	2,216,228	1,890,145
$ (10,069)	(3,104)	$ (4,539)	10,598	$ (4,985)	(3,693)	$ 257,756	257,756	$ (63,995)	262,088
	9,995		33,597		-		-		381,174
	-		404		-		-		(5,038)
	6,891		44,599		(3,693)		257,756		638,223
	(5,266)		(20,525)		-		-		(610,083)
	$ 1,625		$ 24,075		$ (3,693)		$ 257,756		$ 28,140


FORWARD

Debt Service Funds

DEBT SERVICE: Debt service funds account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

The **Bond Security and Redemption Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, general obligation bond debt.

The **Transportation Revenue Bonds Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, transportation revenue bond obligations.

Combining Balance Sheet - All Debt Service Funds
June 30, 1997

(In Thousands)

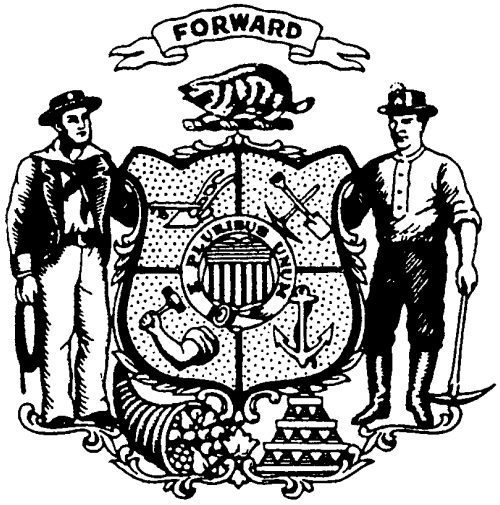
	Bond Security and Redemption	Transportation Revenue Bonds	Totals
Assets			
Cash and Cash Equivalents	$ 6,034	$ -	$ 6,034
Investments	-	51,498	51,498
Receivables (net of estimated uncollectible accounts):			
Other Receivables	-	8	8
Due from Other Funds	4	-	4
Total Assets	$ 6,038	$ 51,506	$ 57,544
Liabilities and Fund Balances			
Liabilities:			
Due to Other Funds	$ 167	$ -	$ 167
Interest Payable	2,490	20,060	22,551
General Obligations Bonds Payable	820	-	820
Revenue Bonds and Notes Payable	-	29,710	29,710
Total Liabilities	3,478	49,770	53,248
Fund Balances:			
Unreserved	2,560	1,736	4,295
Total Fund Balances	2,560	1,736	4,295
Total Liabilities and Fund Balances	$ 6,038	$ 51,506	$ 57,544

State of Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Bond Security and Redemption	Transportation Revenue Bonds	Totals
Revenues:			
Licenses and Permits	$ -	$ 68,430	$ 68,430
Investment and Interest Income	620	1,772	2,392
Total Revenues	620	70,202	70,822
Expenditures:			
Debt Service:			
Principal	124,877	29,710	154,587
Interest	89,106	40,924	130,029
Total Expenditures	213,982	70,634	284,616
Excess of Revenues Over (Under) Expenditures	(213,362)	(431)	(213,794)
Other Financing Sources (Uses):			
Proceeds from Refunding Bonds	23,304	-	23,304
Payment to Refunding Bond Escrow Agent	(23,487)	-	(23,487)
Operating Transfers In	212,158	790	212,948
Operating Transfers Out	(5,250)	-	(5,250)
Total Other Financing Sources (Uses)	206,725	790	207,515
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(6,637)	358	(6,279)
Fund Balances, Beginning of Year	9,201	1,377	10,579
Residual Equity Transfers Out	(4)	-	(4)
Fund Balances, End of Year	$ 2,560	$ 1,736	$ 4,295


FORWARD

Capital Projects Funds

CAPITAL PROJECTS: Capital projects funds account for financial resources used for the acquisition, construction, renovation or repair of major capital facilities (other than those financed by proprietary funds and trust funds). The State's capital projects funds are described below:

The **Building Trust Fund** accounts for repair projects of major capital facilities which are funded primarily through General Fund transfers.

The **Energy Efficiency Fund** accounts for improvements on heating plants and loans to State agencies for energy efficiency projects. Revenues are primarily derived from utility rebates, utility matching funds, savings from improvements to heating costs and General Fund supported borrowing.

The **Capital Improvement Fund** accounts for revenues from general obligation bond proceeds, General Fund transfers and investment pool interest earnings which are primarily used for the acquisition or construction of major capital facilities.

The **Transportation Revenue Bonds Fund** accounts for the accumulation of financing resources for the construction, maintenance, and repair of certain major highway projects and administrative facilities.

Combining Balance Sheet - All Capital Projects Funds
June 30, 1997

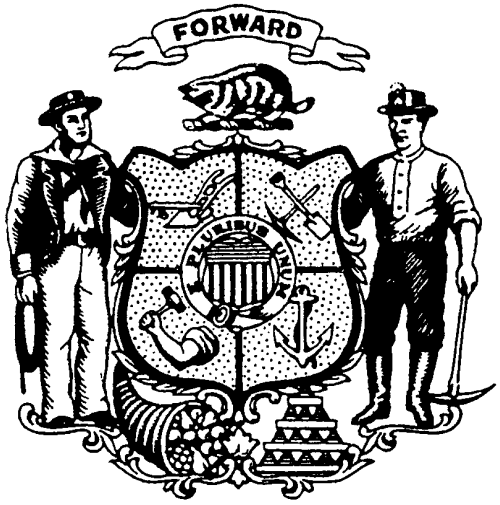
(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Assets					
Cash and Cash Equivalents	$ 20,251	$ 1,625	$ -	$ -	$ 21,876
Investments	-	-	-	134,845	134,845
Receivables (net of estimated uncollectible accounts):					
Other Receivables	-	-	39	1,124	1,162
Due from Other Funds	4	-	1,777	-	1,781
Due from Other Governments	-	-	496	-	496
Advances to Other Funds	-	3,000	-	-	3,000
Total Assets	$ 20,255	$ 4,625	$ 2,312	$ 135,968	$ 163,160
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	$ 204	$ -	$ 14,977	$ 255	$ 15,436
Due to Other Funds	36	-	1,645	14,805	16,486
Interfund Loans Payable	-	-	13,034	2,691	15,726
Due to Other Governments	-	-	404	-	404
Tax and Other Deposits	2	-	-	-	2
Deferred Revenue	4	-	-	-	4
Interest Payable	-	-	-	571	571
Short Term Notes Payable	-	-	61,607	154,886	216,493
Total Liabilities	245	-	91,667	173,209	265,121
Fund Balances:					
Reserved for Encumbrances	711	-	44,674	62,002	107,387
Unreserved:					
Undesignated	19,299	4,625	(134,030)	(99,242)	(209,347)
Total Fund Balances	20,010	4,625	(89,356)	(37,240)	(101,960)
Total Liabilities and Fund Balances	$ 20,255	$ 4,625	$ 2,312	$ 135,968	$ 163,160

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Capital Projects Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Revenues:					
Intergovernmental	$ -	$ -	$ 2,175	$ -	$ 2,175
Licenses and Permits	-	-	-	92	92
Charges for Goods and Services	-	-	694	-	694
Investment and Interest Income	795	180	2,957	2,364	6,297
Gifts and Donations	-	-	87	-	87
Other Revenues	1,745	101	977	-	2,823
Total Revenues	2,540	281	6,890	2,456	12,168
Expenditures:					
Current:					
Education	349	-	2,699	-	3,048
Transportation	-	-	3,280	-	3,280
Environmental Resources	-	-	21,843	-	21,843
Human Relations and Resources	2,404	-	14,723	-	17,127
General Executive	418	-	10,777	-	11,195
Other General Expenditures	65	-	4,155	-	4,219
Capital Outlay	-	-	80,187	90,506	170,693
Debt Service:					
Interest	-	-	541	-	541
Total Expenditures	3,236	-	138,205	90,506	231,947
Excess of Revenues Over (Under) Expenditures	(695)	281	(131,315)	(88,050)	(219,779)
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	-	-	55,386	-	55,386
Operating Transfers In	936	-	16,035	-	16,971
Operating Transfers Out	(11)	-	(1,625)	(790)	(2,426)
Installment Purchase Acquisitions	-	-	573	-	573
Total Other Financing Sources (Uses)	924	-	70,369	(790)	70,504
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	229	281	(60,946)	(88,840)	(149,276)
Fund Balances, Beginning of Year	19,807	4,344	12,590	51,600	88,341
Residual Equity Transfers In	4	-	-	-	4
Residual Equity Transfers Out	(30)	-	(41,000)	-	(41,030)
Fund Balances, End of Year	$ 20,010	$ 4,625	$ (89,356)	$ (37,240)	$ (101,960)


FORWARD

Enterprise Funds

ENTERPRISE: Enterprise funds account for business-like State activities that provide goods and/or services to the public and are financed primarily through user charges. The State's enterprise funds are described below:

The **State Fair Park Fund** accounts for the annual State Fair, and various year round major sports events, agricultural and industrial expositions, and other programs of civic interest. Its revenues are derived from admissions, fees, rents and sales, with no contributions from the State.

The **Home For Veterans Fund** accounts for nursing home care for veterans and their spouses. The costs associated with providing this care are funded by private pay charges, the U.S. Department of Veterans Affairs and Medical Assistance.

The **Mendota Mental Health Institute Fund** and the **Winnebago Mental Health Institute Fund** account for the diagnosis, care and treatment of individuals with mental and emotional disturbances. The services are provided with funds collected from third parties and contributions from the State.

The **Northern Developmental Disabilities Center Fund**, the **Central Developmental Disabilities Center Fund** and the **Southern Developmental Disabilities Center Fund** account for services provided to developmentally disabled citizens with the goal of ultimately returning such persons to the community if possible. These services are provided with funds collected from third parties and contributions from the State.

The **Institutional Farm Operations Fund** accounts for the revenues and expenses associated with employing inmates in agricultural and other work activities. The associated costs are funded from farm product sales and a General Fund supplement.

The **Institutional Canteen Operations Fund** accounts for the program which provides goods for the education, recreation, and convenience of institutionalized patients and inmates. Charges made to patients and inmates are the primary source of funds for these activities.

The **Lottery Fund** accounts for State managed lottery activities used to provide property tax relief to taxpayers. Revenues are derived from ticket sales which are used to pay winners, commissions to retailers, operating expenses and property tax relief.

The **Health Insurance Risk Sharing Plan Fund** accounts for major medical and medicare supplement coverage for Wisconsin residents under sixty-five who are unable to obtain health insurance coverage in the private market. This service is primarily funded by premiums and assessments collected from State health insurers.

The **Local Government Property Insurance Fund** accounts for property insurance coverage provided to local governments in Wisconsin. This insurance is financed with premiums collected from policyholders and income on investments.

The **State Life Insurance Fund** accounts for the program to provide State sponsored life insurance to residents of Wisconsin in a manner consistent with private insurers. This insurance is financed with premiums collected from policyholders and investment earnings.

The **Patients Compensation Fund** accounts for the program to provide excess medical malpractice insurance for Wisconsin health care providers. The revenues to finance this insurance are primarily derived from assessments against health care providers.

The **Income Continuation Insurance Fund** accounts for long-term and short-term disability benefits (up to 75 percent of gross salary) for employes of the State and of participating local public employers and operates on a self-insured basis.

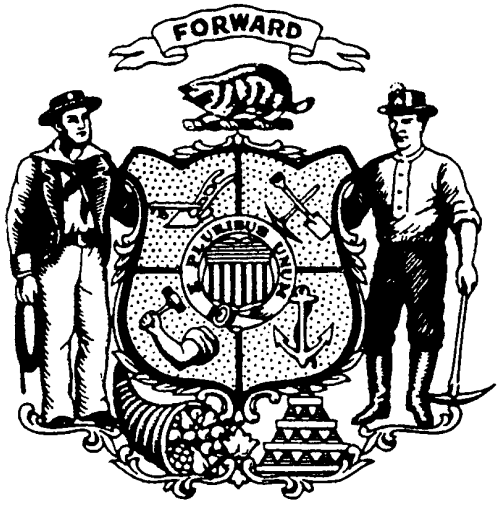
The **Duty Disability Fund** accounts for the compensation of protective category employes of the Wisconsin Retirement System for duty-related disabilities.

The **Long Term Disability Insurance Fund** accounts for long term disability benefits paid to Wisconsin Retirement System participants. The premiums to finance this alternative disability coverage are received from the Wisconsin Retirement System.

The **Health Insurance Fund** accounts for group health insurance plans provided on a self-insured, fee for service basis or prepaid basis to current and retired employes of the State and of participating local public employers.

The **Tuition Trust Fund** accounts for the program that allows taxpayers to invest future tuition expenses, with earnings reinvested pre-tax.

(Continued)


FORWARD

The **Clean Water Fund** accounts for financial resources generated and used for clean water projects. A federal capitalization grant, interest earnings, revenue bond proceeds and general obligation bond proceeds are its primary revenue sources.

The **Veterans Trust Fund** accounts for various programs for veterans, including loans and grants to individuals and organizations and the operations of the Wisconsin Veterans Museum. Revenues to finance this program are primarily derived from veteran loan payments and investment income.

The **Veterans Mortgage Loan Repayment Fund** accounts for the issuance and administration of veteran's first mortgage loans. Revenues are primarily derived from bond proceeds, mortgage payments and investment income.

The **Veterans Mortgage Revenue Bonds Fund** accounts for bond proceeds used to provide veteran's loans to finance the acquisition, construction, rehabilitation, and improvement of residential housing within the State. Funding is derived from interest earned on mortgages, investment income and proceeds from the issuance of revenue bonds.

The **Wisconsin Education Revenue Bonds Fund** accounts for bond proceeds to provide health education loans to fulltime medical and dental students at qualifying universities or colleges in Wisconsin.

The **Wisconsin Public Broadcasting Foundation (Foundation) Fund** accounts for financial resources generated to support the activities of the Wisconsin Educational Communications Board. The primary revenue sources of the Foundation are from gifts, grants and contributions.

Combining Balance Sheet - All Enterprise Funds
June 30, 1997

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Assets						
Cash and Cash Equivalents	$ 1,827	$ 1,682	$ 26	$ 21	$ 10	$ 6
Investments	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	278	154	5,505	8,950	1,139	1,423
Due from Other Funds	74	14	2,069	1,232	5,269	7,695
Due from Component Units	-	-	-	-	-	-
Interfund Loans Receivable	-	-	-	-	-	-
Due from Other Governments	-	3,695	-	-	-	-
Inventories	128	821	172	231	214	191
Prepaid Items	109	242	242	191	269	366
Advances to Other Funds	-	-	-	-	-	-
Restricted and Limited Use Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	25	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	20,381	25,948	15,943	21,328	14,959	12,877
Other Assets	-	-	-	-	-	-
Total Assets	$ 22,822	$ 32,556	$ 23,958	$ 31,954	$ 21,859	$ 22,557
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 1,415	$ 1,710	$ 1,790	$ 1,486	$ 1,556	$ 2,178
Due to Other Funds	897	767	2,563	2,537	1,680	1,804
Interfund Loans Payable	-	-	7,104	9,694	3,966	6,708
Due to Other Governments	-	2	-	-	-	-
Tax and Other Deposits	14	3	-	-	-	-
Deferred Revenue	1,392	-	-	-	-	-
Interest Payable	109	-	-	-	-	-
Short Term Notes Payable	267	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-	-
Capital Leases	6	-	152	-	-	-
Compensated Absences	62	514	969	821	793	1,209
General Obligation Bonds Payable	12,383	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Installment Contract Payable	-	-	-	-	-	-
Total Liabilities	16,545	2,996	12,578	14,538	7,996	11,899
Fund Equity:						
Contributed Capital	4,353	36,457	25,683	30,723	27,768	22,574
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Reserved for Market Value Adjustments	-	-	-	-	-	-
Unreserved	1,924	(6,896)	(14,303)	(13,307)	(13,904)	(11,916)
Total Fund Equity	6,277	29,560	11,380	17,416	13,864	10,658
Total Liabilities and Fund Equity	$ 22,822	$ 32,556	$ 23,958	$ 31,954	$ 21,859	$ 22,557

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 18	$ -	$ 630	$ 150,829	$ 461	$ 16,798	$ 6,785
-	-	36	241,067	4,967	342	53,018
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,777
-	-	-	-	-	-	-
100	208	98	7,874	8,294	2,514	1,200
6,166	172	5	530	-	87	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,779	-
388	1,273	790	1,202	-	-	-
258	9	14	68	1	-	3
-	-	-	-	-	4,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	649
15,256	5,937	111	1,404	5	-	59
-	-	-	8,733	-	-	-
$ 22,185	$ 7,599	$ 1,684	$ 411,707	$ 13,727	$ 25,520	$ 65,493
$ 6,449	$ 180	$ 194	$ 262,651	$ 1,473	$ 52	$ 413
1,554	113	65	9,944	2	8	15
242	4,850	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3	-	-	8,690
-	-	4	608	4,947	3,043	-
-	6	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,298	3,243	49,327
-	-	-	-	-	-	-
575	48	5	97	1	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	398	-	-	-	-	-
8,819	5,595	268	273,303	13,722	6,346	58,446
30,299	2,688	36	51	-	-	-
-	-	-	-	-	-	7,047
-	-	-	-	-	-	-
(16,933)	(684)	1,380	138,353	6	19,175	-
13,366	2,004	1,416	138,404	6	19,175	7,047
$ 22,185	$ 7,599	$ 1,684	$ 411,707	$ 13,727	$ 25,520	$ 65,493

(Continued)

Combining Balance Sheet - All Enterprise Funds
June 30, 1997

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long Term Disability Insurance	Health Insurance	Tuition Trust
Assets						
Cash and Cash Equivalents	$ 7,984	$ 51,929	$ 24,881	$ 158,598	$ 37,002	$ -
Investments	361,892	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	6,859	-	-	-	-	-
Due from Other Funds	-	16,331	6,121	14,761	359	-
Due from Component Units	10	-	-	-	-	-
Interfund Loans Receivable	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Inventories	2	-	-	-	-	-
Prepaid Items	4	-	-	-	26,648	-
Advances to Other Funds	-	-	-	-	-	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	37	-	-	-	-	17
Other Assets	-	-	-	-	-	-
Total Assets	$ 376,788	$ 68,260	$ 31,002	$ 173,359	$ 64,009	$ 17
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 417	$ 460	$ -	$ 128	$ 1,141	$ -
Due to Other Funds	48	32	1,196	6	246	264
Interfund Loans Payable	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Tax and Other Deposits	-	-	-	-	-	-
Deferred Revenue	310	74	-	-	30,838	-
Interest Payable	-	-	-	-	-	-
Short Term Notes Payable	-	-	-	-	-	-
Future Benefits and Loss Liabilities	420,106	42,472	187,367	10,835	7,291	-
Capital Leases	-	-	-	-	-	-
Compensated Absences	6	-	-	-	-	-
General Obligation Bonds Payable	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Installment Contract Payable	-	-	-	-	-	-
Total Liabilities	420,887	43,039	188,563	10,968	39,515	264
Fund Equity:						
Contributed Capital	-	-	-	-	-	-
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Reserved for Market Value Adjustments	-	23,440	3,903	29,151	-	-
Unreserved	(44,100)	1,781	(161,464)	133,239	24,494	(247)
Total Fund Equity	(44,100)	25,221	(157,561)	162,391	24,494	(247)
Total Liabilities and Fund Equity	$ 376,788	$ 68,260	$ 31,002	$ 173,359	$ 64,009	$ 17

Clean Water	Veterans Trust	Veterans Mortgage Loan Repayment	Veterans Mortgage Revenue Bonds	Wisconsin Education Revenue Bonds	Wisconsin Public Broadcasting Foundation	Totals
$ 178,999	$ 17,792	$ 117,888	$ -	$ 687	$ 1,419	$ 776,274
93,631	-	-	-	-	2,483	757,436
-	-	-	-	6,724	-	6,724
-	28,583	-	-	-	-	28,583
-	2,676	580,499	-	-	-	583,175
-	-	-	-	-	-	3,777
697,194	-	-	-	-	-	697,194
1,767	219	3,628	-	-	169	50,379
39	6	130	-	-	15	61,077
-	-	-	-	-	-	10
-	-	17,516	-	-	-	17,516
3,687	-	-	-	-	3	9,165
-	85	-	-	-	-	5,496
10	35	44	-	-	-	28,513
-	-	-	-	-	-	4,000
34,606	-	-	-	-	-	34,606
3,014	-	4,065	-	-	-	7,753
70	2,035	94	-	-	-	136,460
-	-	85	-	-	-	8,818
$ 1,013,016	$ 51,431	$ 723,950	$ 0	$ 7,411	$ 4,089	$ 3,216,956
$ 105	$ 665	$ 10,042	$ -	$ -	$ 80	$ 294,586
594	208	128	-	402	28	25,101
-	-	-	-	-	-	32,564
-	9	6	-	-	1	18
-	159	1	-	-	-	8,870
-	-	1,165	-	-	58	42,438
2,051	-	4,526	-	27	-	6,720
-	-	-	-	-	-	267
-	-	-	-	-	-	727,939
-	-	-	-	-	-	158
70	61	178	-	-	-	5,411
-	-	564,971	-	-	-	577,354
431,974	-	-	-	5,307	-	437,281
-	-	-	-	-	-	398
434,794	1,103	581,017	-	5,736	167	2,159,106
598,236	87,384	-	-	-	-	866,250
-	-	-	-	-	-	7,047
-	-	-	-	-	-	56,494
(20,014)	(37,055)	142,933	-	1,675	3,922	128,060
578,222	50,329	142,933	-	1,675	3,922	1,057,851
$ 1,013,016	$ 51,431	$ 723,950	$ 0	$ 7,411	$ 4,089	$ 3,216,956

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Operating Revenues:						
Charges for Goods and Services	$ 13,185	$ 33,588	$ 17,969	$ 16,017	$ 32,439	$ 48,287
Contributions	-	-	-	-	-	-
Investment and Interest Income	-	-	-	-	-	-
Other Income	107	-	-	-	-	-
Total Operating Revenues	13,292	33,588	17,969	16,017	32,439	48,287
Operating Expenses:						
Personal Services	4,399	26,340	31,432	27,086	26,728	39,803
Supplies and Services	7,523	6,894	5,766	4,619	4,814	7,775
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	1,295	2,130	749	734	1,123	759
Benefit Expense	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Expenses	30	-	-	-	-	-
Total Operating Expenses	13,247	35,365	37,947	32,440	32,665	48,336
Operating Income (Loss)	46	(1,777)	(19,978)	(16,423)	(226)	(50)
Nonoperating Revenues (Expenses):						
Operating Grants	-	9	7	9	-	9
Investment and Interest Income	6	-	1	1	14	-
Gain (Loss) on Disposal of Fixed Assets	6	(3)	-	-	-	3
Interest Expense	(590)	-	(30)	-	-	-
Other Revenues	-	363	402	1,507	133	19
Other Expenses:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	(4)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(582)	368	379	1,517	147	30
Income (Loss) Before Operating Transfers	(536)	(1,408)	(19,599)	(14,907)	(78)	(20)
Operating Transfers In	37	25	19,489	15,221	1	432
Operating Transfers Out	(250)	(1,047)	(79)	(73)	(1,348)	(935)
Net Income before Extraordinary Items	(749)	(2,431)	(189)	241	(1,425)	(522)
Extraordinary Items:						
Gain (Loss) from Extinguishment of Debt	-	-	-	-	-	-
Net Income (Loss)	(749)	(2,431)	(189)	241	(1,425)	(522)
Retained Earnings, Beginning of Year	2,673	(4,466)	(14,115)	(13,549)	(12,479)	(11,394)
Residual Equity Transfers Out	-	-	-	-	-	-
Retained Earnings, End of Year	$ 1,924	$ (6,896)	$ (14,303)	$ (13,307)	$ (13,904)	$ (11,916)

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 34,367	$ 2,378	$ 7,107	$ 431,091	$ 37,929	$ 7,822	$ 2,960
-	-	-	-	-	-	-
-	-	-	-	-	1,133	5,152
-	-	109	55	-	-	1
34,367	2,378	7,216	431,146	37,929	8,955	8,112
29,661	950	590	3,039	71	56	207
6,451	2,485	6,602	51,139	896	639	168
-	-	-	244,020	-	-	-
1,037	200	39	616	2	-	53
-	-	-	-	37,286	6,724	2,704
-	-	-	-	-	-	404
-	-	31	-	-	110	4,144
37,149	3,635	7,262	298,813	38,254	7,529	7,680
(2,782)	(1,257)	(46)	132,333	(324)	1,426	432
9	-	-	-	-	-	-
-	-	3	5,082	339	-	-
-	(40)	-	(12)	-	-	-
-	(20)	-	(10)	-	-	-
552	113	18	-	-	-	-
-	-	-	(31,191)	-	-	-
-	-	-	-	-	-	-
-	-	-	(627)	-	(1)	-
561	52	21	(26,758)	339	(1)	-
(2,221)	(1,205)	(25)	105,575	15	1,425	432
-	840	274	-	-	-	-
(1,054)	(6)	(138)	(13,389)	-	-	(829)
(3,275)	(371)	111	92,186	15	1,425	(397)
-	-	-	-	-	-	-
(3,275)	(371)	111	92,186	15	1,425	(397)
(13,658)	(313)	1,269	46,167	(9)	17,750	7,444
-	-	-	-	-	-	-
$ (16,933)	$ (684)	$ 1,380	$ 138,353	$ 6	$ 19,175	$ 7,047

(Continued)

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds For the Fiscal Year Ended June 30, 1997

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long Term Disability Insurance	Health Insurance	Tuition Trust
Operating Revenues:						
Charges for Goods and Services	$ 58,749	$ -	$ -	$ -	$ -	$ -
Contributions	-	7,876	21,126	13,677	366,302	-
Investment and Interest Income	25,506	12,937	5,715	33,914	2,296	-
Other Income	-	-	-	-	-	-
Total Operating Revenues	84,255	20,813	26,841	47,591	368,598	-
Operating Expenses:						
Personal Services	271	-	-	-	-	124
Supplies and Services	390	485	-	37	311,351	122
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	17	-	-	-	-	2
Benefit Expense	77,476	9,910	55,712	4,014	50,847	-
Interest Expense	-	-	-	-	-	-
Other Expenses	-	572	440	213	2,805	-
Total Operating Expenses	78,154	10,967	56,152	4,264	365,003	247
Operating Income (Loss)	6,101	9,846	(29,311)	43,327	3,595	(247)
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	-	-
Investment and Interest Income	-	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Revenues	-	-	-	-	8	-
Other Expenses						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	-	8	-
Income (Loss) Before Operating Transfers	6,101	9,846	(29,311)	43,327	3,603	(247)
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Net Income before Extraordinary Items	6,101	9,846	(29,311)	43,327	3,603	(247)
Extraordinary Items:						
Gain (Loss) from Extinguishment of Debt	-	-	-	-	-	-
Net Income (Loss)	6,101	9,846	(29,311)	43,327	3,603	(247)
Retained Earnings, Beginning of Year	(50,201)	15,375	(128,250)	119,064	20,892	-
Residual Equity Transfers Out	-	-	-	-	-	-
Retained Earnings, End of Year	$ (44,100)	$ 25,221	$ (157,561)	$ 162,391	$ 24,494	$ (247)

Clean Water	Veterans Trust	Veterans Mortgage Loan Repayment	Veterans Mortgage Revenue Bonds	Wisconsin Education Revenue Bonds	Wisconsin Public Broadcasting Foundation	Totals
$ -	$ 345	$ -	$ -	$ -	$ -	$ 744,233
-	-	-	-	-	-	408,981
20,953	2,364	39,418	3	923	-	150,313
-	-	-	-	-	4,362	4,634
20,953	2,709	39,418	3	923	4,362	1,308,161
2,670	2,342	3,002	-	-	649	199,419
586	714	773	5	109	531	420,873
-	-	-	-	-	-	244,020
38	289	36	-	-	-	9,117
-	-	-	-	-	-	244,673
23,573	-	30,458	2	784	-	55,221
-	3,765	2,595	1	-	-	14,706
26,867	7,110	36,864	8	892	1,180	1,188,029
(5,915)	(4,400)	2,554	(4)	30	3,182	120,132
1,054	-	-	-	-	1,167	2,263
17,619	857	6,018	1	16	237	30,195
-	-	-	-	-	-	(48)
-	-	-	-	-	-	(651)
-	6	-	-	-	-	3,120
-	-	-	-	-	-	(31,191)
(10,632)	-	-	-	-	-	(10,632)
-	-	(45)	-	-	-	(676)
8,042	863	5,973	1	16	1,404	(7,619)
2,127	(3,537)	8,527	(3)	47	4,586	112,513
16	-	468	-	-	-	36,803
-	-	-	-	-	(4,292)	(23,440)
2,143	(3,537)	8,995	(3)	47	294	125,875
-	-	(56)	-	-	-	(56)
2,143	(3,537)	8,939	(3)	47	294	125,819
(22,157)	(33,518)	133,995	374	1,629	3,628	66,152
-	-	-	(371)	-	-	(371)
$ (20,014)	$ (37,055)	$ 142,933	$ 0	$ 1,675	$ 3,922	$ 191,600

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 13,247	$ 33,900	$ 17,632	$ 14,890	$ 30,149	$ 43,602
Cash Payments to Suppliers for Goods and Services	(7,402)	(6,883)	(5,987)	(4,710)	(3,927)	(6,104)
Cash Payments to Employes for Services	(4,444)	(26,689)	(30,503)	(26,622)	(27,425)	(41,303)
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	107	-	-	-	-	-
Other Operating Expenses	(30)	-	-	-	-	-
Other Sources of Cash	-	425	277	1,501	133	45
Other Uses of Cash	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	1,478	754	(18,581)	(14,942)	(1,070)	(3,760)
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	-	9	7	9	-	9
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans	-	-	-	-	2,377	4,408
Interfund Loans Repaid	-	-	(895)	(361)	-	-
Interfund Loans to Other Funds	-	-	-	-	-	-
Interfund Advances	-	-	-	-	-	-
Operating Transfers In	37	24	19,654	15,432	1	445
Operating Transfers Out	(250)	(1,047)	(84)	(76)	(1,351)	(936)
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(213)	(1,014)	18,682	15,004	1,027	3,926
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	267	-	-	-	-	-
Repayment of Long-term Debt	(681)	-	-	-	-	-
Interest Payments	(590)	-	(30)	-	-	-
Capital Lease Obligations	(9)	-	(48)	-	-	-
Proceeds from Sale of Fixed Assets	6	-	-	-	14	3
Payments for Purchase of Fixed Assets	(703)	(354)	(112)	(118)	(250)	(174)
Other Cash Inflows from Capital Financing Activities	6	-	100	64	-	-
Other Cash Outflows from Capital Financing Activities	(18)	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,721)	(354)	(89)	(54)	(236)	(171)
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-
Purchase of Investment Securities	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Investment and Interest Receipts	-	-	1	1	14	-
Net Cash Provided (Used) by Investing Activities	-	-	1	1	14	-
Net Increase (Decrease) in Cash and Cash Equivalents	(456)	(614)	12	10	(265)	(5)
Cash and Cash Equivalents, Beginning of Year	2,283	2,296	14	12	275	10
Cash and Cash Equivalents, End of Year	$ 1,827	$ 1,682	$ 26	$ 21	$ 10	$ 6

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 35,733	$ 2,296	$ 7,092	$ 427,696	$ 37,026	$ 7,772	$ 2,951
(6,867)	(1,758)	(6,623)	(24,169)	(838)	(639)	(369)
(29,362)	(978)	(619)	(3,131)	(70)	(56)	(211)
-	-	-	(252,605)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(37,365)	(7,872)	(1,216)
-	-	-	-	-	3,450	-
-	-	-	-	-	-	-
-	-	130	-	-	-	1
-	-	(15)	(23,445)	(985)	(974)	(3,530)
401	43	-	-	-	-	-
-	(23)	-	-	-	-	-
(95)	(420)	(36)	124,346	(2,233)	1,682	(2,375)
9	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(404)
242	-	-	-	-	-	-
-	(247)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,000	-
-	719	274	-	-	-	-
(1,052)	(6)	(134)	(13,970)	-	-	(829)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(988)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(622)	-	-
(802)	465	140	(14,958)	(622)	2,000	(1,233)
-	-	-	-	-	-	-
-	(52)	-	-	-	-	-
-	(22)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7	-	-	-
(141)	(96)	-	(264)	-	-	(3)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(141)	(170)	-	(257)	-	-	(3)
-	-	4	22,325	27,102	3,622	4,928
-	-	(1)	(12,635)	(24,125)	-	(5,534)
-	-	-	-	-	-	(323)
-	-	-	-	-	-	285
-	-	3	4,546	339	913	5,553
-	-	6	14,236	3,316	4,535	4,909
(1,037)	(124)	110	123,367	461	8,217	1,298
1,056	124	520	27,461	-	8,581	5,487
$ 18	$ 0	$ 630	$ 150,829	$ 461	$ 16,798	$ 6,785

(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long Term Disability Insurance	Health Insurance	Tuition Trust
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 51,954	$ 7,377	$ 20,927	$ 13,677	$ 367,313	$ -
Cash Payments to Suppliers for Goods and Services	(744)	(1,024)	(440)	(245)	(315,342)	-
Cash Payments to Employes for Services	(270)	-	-	-	-	-
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	(36,706)	(8,356)	(13,907)	(1,554)	(54,586)	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-
Other Sources of Cash	-	-	-	-	8	-
Other Uses of Cash	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	14,233	(2,004)	6,580	11,878	(2,608)	-
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	-	-	-	-	-	-
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans	-	-	-	-	-	-
Interfund Loans Repaid	-	-	-	-	-	-
Interfund Loans to Other Funds	-	-	-	-	-	-
Interfund Advances	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Payments for Purchase of Fixed Assets	-	-	-	-	-	-
Other Cash Flows from Capital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Capital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	33,812	-	-	-	-	-
Purchase of Investment Securities	(82,676)	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Interest and Dividends Receipts	24,549	7,489	2,959	20,480	2,301	-
Net Cash Provided (Used) by Investing Activities	(24,315)	7,489	2,959	20,480	2,301	-
Net Increase (Decrease) in Cash and Cash Equivalents	(10,082)	5,485	9,539	32,358	(306)	-
Cash and Cash Equivalents, Beginning of Year	18,066	46,443	15,343	126,240	37,308	-
Cash and Cash Equivalents, End of Year	$ 7,984	$ 51,929	$ 24,881	$ 158,598	$ 37,002	$ 0

Clean Water	Veterans Trust	Veterans Mortgage Loan Repayment	Veterans Mortgage Revenue Bonds	Wisconsin Education Revenue Bonds	Wisconsin Public Broadcasting Foundation	Totals
$ -	$ 345	$ -	$ -	$ -	$ -	$ 1,135,577
(748)	(706)	(374)	(6)	(109)	(531)	(396,546)
(2,474)	(2,286)	(2,978)	-	-	(649)	(200,071)
-	-	-	-	-	-	(252,605)
-	(2,252)	(97,067)	-	-	-	(99,319)
-	-	-	-	-	-	(161,562)
-	2,361	39,338	7	627	-	45,782
-	7,771	56,170	323	3,554	-	67,818
-	-	-	-	-	3,928	4,166
-	(3,887)	(2,529)	-	-	-	(35,395)
-	-	-	-	-	-	2,834
-	-	-	-	-	-	(23)
(3,222)	1,346	(7,441)	324	4,072	2,748	110,656
1,800	-	-	-	-	1,167	3,009
45,568	-	-	-	-	-	45,568
80,093	-	50,520	-	-	-	130,614
(13,560)	-	(10,247)	(195)	(3,565)	-	(27,567)
(22,691)	-	(29,395)	(11)	(427)	-	(52,928)
-	-	-	-	-	-	7,026
-	-	-	-	-	-	(1,502)
-	-	(17,516)	-	-	-	(17,516)
-	-	-	-	-	-	2,000
16	-	468	-	-	-	37,070
-	-	-	-	-	(4,292)	(24,027)
41,000	-	-	-	-	-	41,000
(4,000)	-	-	(371)	-	-	(4,371)
-	-	-	-	-	-	(988)
(10,609)	-	-	-	-	-	(10,609)
-	-	-	-	-	-	(622)
117,616	-	(6,170)	(577)	(3,992)	(3,125)	126,156
-	-	-	-	-	-	267
-	-	-	-	-	-	(733)
-	-	-	-	-	-	(642)
-	-	-	-	-	-	(57)
-	-	-	-	-	-	30
-	(185)	(29)	-	-	-	(2,428)
-	-	-	-	-	-	170
-	-	-	-	-	-	(18)
-	(185)	(29)	-	-	-	(3,411)
9,992	-	-	243	-	-	102,028
(23,845)	-	-	-	-	-	(148,816)
(122,332)	-	-	-	-	-	(122,655)
31,208	-	-	-	-	-	31,493
37,439	857	5,973	2	17	237	113,674
(67,537)	857	5,973	245	17	237	(24,276)
46,857	2,019	(7,667)	(9)	97	(140)	209,125
166,747	15,774	125,556	9	590	1,559	601,754
$ 213,605	$ 17,792	$ 117,888	$ 0	$ 687	$ 1,419	$ 810,879

(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	$ 46	$ (1,777)	$ (19,978)	$ (16,423)	$ (226)	$ (50)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	1,295	2,130	749	734	1,123	759
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	29	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	-	-	-	-	-	-
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	-	425	402	1,507	133	45
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	(105)	(52)	6	(1,133)	1,848	2,232
Decrease (Increase) in Due from Other Funds	(71)	(11)	(467)	(50)	(5,269)	(7,568)
Decrease (Increase) in Due from Component Units	-	-	-	-	-	-
Decrease (Increase) in Due from Other Governments	-	376	3	45	-	-
Decrease (Increase) in Inventories	(20)	57	(35)	(41)	102	92
Decrease (Increase) in Prepaid Items	(51)	11	(23)	(1)	23	(1)
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	370	65	(280)	(226)	(122)	(747)
Increase (Decrease) in Compensated Absences	9	59	30	(4)	56	123
Increase (Decrease) in Due to Other Funds	(262)	(532)	1,031	650	1,261	1,356
Increase (Decrease) in Due to Other Governments	-	1	(18)	-	-	-
Increase (Decrease) in Tax and Other Deposits	14	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	225	-	-	-	-	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-	-
Total Adjustments	1,433	2,530	1,397	1,482	(845)	(3,710)
Net Cash Provided by Operating Activities	$ 1,478	$ 754	$ (18,581)	$ (14,942)	$ (1,070)	$ (3,760)
Noncash Investing, Capital and Financing Activities:						
Contributions/Transfer In (Out) of Fixed Assets	$ -	$ 192	$ 867	$ 3,710	$ 218	$ 348
Lottery Prize Annuity Investment Assumption	-	-	-	-	-	-
Lottery Prize Annuity Investment Liability	-	-	-	-	-	-
Other	-	-	-	-	-	-

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ (2,782)	$ (1,257)	$ (46)	$ 132,333	$ (324)	$ 1,426	$ 432
1,037	200	39	616	2	1	53
-	-	-	-	-	9	-
-	-	-	-	-	-	-
-	-	-	-	-	(911)	404
-	-	-	-	-	-	(5,152)
401	23	25	-	-	(911)	-
446	(83)	(27)	(340)	284	(233)	(9)
(1,878)	(11)	-	29	2,052	3,148	(1)
-	-	-	-	-	-	-
-	-	-	-	-	(451)	-
(28)	601	(22)	1,422	-	-	-
(258)	-	(10)	(16)	-	-	3
-	-	-	739	-	55	-
-	-	-	-	-	-	(7)
4,542	35	6	(9,360)	1,188	(15)	(202)
(11)	2	(1)	(47)	-	-	(1)
(1,564)	71	-	(1,109)	(2,052)	6	(4)
-	-	-	-	-	-	-
-	-	-	(2)	-	-	621
-	-	(1)	80	(2,177)	401	-
-	-	-	-	-	-	-
-	-	-	-	(1,205)	(843)	1,488
2,687	837	10	(7,987)	(1,909)	256	(2,807)
$ (95)	$ (420)	$ (36)	$ 124,346	$ (2,233)	$ 1,682	$ (2,375)
$ 65	$ 25	$ -	$ -	$ -	$ -	$ -
-	-	-	15,923	-	-	-
-	-	-	(15,923)	-	-	-
-	40	-	-	-	-	-

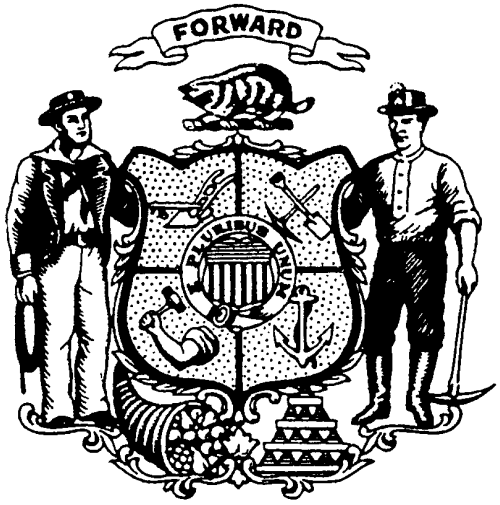
(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long Term Disability Insurance	Health Insurance	Tuition Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	$ 6,101	$ 9,846	$ (29,311)	$ 43,327	$ 3,595	$ (247)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	17	-	-	-	-	2
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	(11)	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	(25,506)	(12,937)	(5,715)	(33,914)	(2,296)	-
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	-	-	-	-	8	-
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	(877)	-	-	-	-	-
Decrease (Increase) in Due from Other Funds	-	(507)	(200)	-	(128)	-
Decrease (Increase) in Due from Component Units	(1)	-	-	-	-	-
Decrease (Increase) in Due from Other Governments	-	-	-	-	-	-
Decrease (Increase) in Inventories	-	-	-	-	-	-
Decrease (Increase) in Prepaid Items	-	-	-	-	(1,364)	-
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(1,173)	128	-	44	(349)	-
Increase (Decrease) in Compensated Absences	(1)	-	-	-	-	-
Increase (Decrease) in Due to Other Funds	1	32	74	6	178	245
Increase (Decrease) in Due to Other Governments	-	-	-	-	-	-
Increase (Decrease) in Tax and Other Deposits	-	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	(5,087)	8	-	-	1,139	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	40,770	1,426	41,731	2,416	(3,390)	-
Total Adjustments	8,132	(11,850)	35,891	(31,449)	(6,202)	247
Net Cash Provided by Operating Activities	$ 14,233	$ (2,004)	$ 6,580	$ 11,878	$ (2,608)	$ 0
Noncash Investing, Capital and Financing Activities:						
Contributions/Transfer In (Out) of Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
Lottery Prize Annuity Investment Assumption	-	-	-	-	-	-
Lottery Prize Annuity Investment Liability	-	-	-	-	-	-
Other	-	-	-	-	-	19

Clean Water	Veterans Trust	Veterans Mortgage Loan Repayment	Veterans Mortgage Revenue Bonds	Wisconsin Education Revenue Bonds	Wisconsin Public Broadcasting Foundation	Totals
$ (5,915)	$ (4,400)	$ 2,554	$ (4)	$ 30	$ 3,182	$ 120,132
38	289	36	-	-	-	9,118
965	-	-	-	-	-	974
-	(52)	8	-	-	-	(26)
(20,953)	-	-	-	-	-	(101,827)
22,054	-	30,458	2	784	-	48,147
-	6	-	-	-	-	2,062
-	5,607	(39,728)	328	3,258	(127)	(28,705)
(727)	8	19	-	-	(13)	(11,646)
-	-	-	-	-	-	(1)
-	-	-	-	-	15	(12)
-	(17)	-	-	-	-	2,112
1	-	(1)	-	-	-	(1,685)
-	-	45	-	-	-	839
-	-	58	-	-	-	50
4	(60)	(699)	(2)	-	(67)	(6,920)
(37)	(6)	1	-	-	-	173
1,057	53	(22)	-	-	(301)	174
(2)	6	3	-	-	1	(8)
-	(87)	-	-	-	-	545
-	-	(173)	-	-	58	(5,527)
293	-	-	-	-	-	293
-	-	-	-	-	-	82,393
2,693	5,747	(9,995)	328	4,041	(434)	(9,476)
(3,222)	$ 1,346	$ (7,441)	$ 324	$ 4,072	$ 2,748	$ 110,656
$ -	$ 1,786	$ -	$ -	$ -	$ -	$ 7,211
-	-	-	-	-	-	15,923
-	-	-	-	-	-	(15,923)
-	371	-	-	-	-	431


FORWARD

Internal Service Funds

INTERNAL SERVICE: Internal service funds account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units on a cost-reimbursement basis. The State's internal service funds are described below:

The **Services to Nonstate Governmental Units Fund** accounts for the costs associated with providing services to purchasers outside of State government. Moneys to finance these services come from user fees from the van pool and ride sharing program and from the sale of federal property.

The **Materials and Services to State Agencies Fund** accounts for the costs associated with providing materials and services to State agencies. Moneys to finance these costs come primarily from State agency user fees.

The **Fleet Services Fund** accounts for the costs associated with providing vehicle and aircraft services to State agencies. Moneys to finance these services come from user fees and the sale of used vehicles.

The **Building Construction Services Fund** accounts for the costs associated with providing building construction services to State agencies. Moneys to finance this service come from State agency user fees.

The **Printing and Other Services Fund** accounts for the costs associated with providing State agencies with printing services, document sales and mailing services. Moneys to cover these costs come from State agency user fees and the sale of documents.

The **State Telephone System Fund** accounts for the costs associated with providing State agencies and other governmental units with a State telecommunication system. Moneys to finance this system come from State agency user fees.

The **Financial Services Fund** accounts for the costs associated with providing accounting, auditing, payroll and other financial services to State agencies. Moneys to finance these services come from State agency user fees.

The **Risk Management Fund** accounts for the costs of losses for damage to property owned by agencies, personal injury or property damage liabilities incurred by a State officer, agent or employe, and workers' compensation costs for State employes. Moneys to finance these costs come from charges to State agencies.

The **Facilities Operations and Maintenance Fund** accounts for the costs of operating State-owned facilities including utilities, heat, protective services, custodial and maintenance services and minor repair projects. The moneys to finance these costs are supplied from rents charged for facility and parking use and a general purpose revenue supplement for maintenance of the capitol and executive residence.

The **Information Technology Services Fund** accounts for computing services provided to the State agencies and the purchase and installation of data processing and word processing equipment for State agencies requesting this service. The moneys to finance this service come from computing service charges.

The **Institutional Power Plant Fund** accounts for heat, electricity, water and sewer services provided primarily to State-owned institutions operated by the Department of Corrections and the Department of Health and Family Services (formerly the Department of Health and Social Services). Revenues come from charges for these sales and services.

The **Central Warehouse Fund** accounts for the revenues generated in acting as the central purchasing and distribution center of commodities and certain supplies for State agencies and other governments. The revenues for this program are attributable to charges for goods and services.

The **Badger State Industries Fund** accounts for the program which gives inmates work experience in manufacturing goods and providing services. The sale of goods and services provides the moneys necessary to run the program.

.

Combining Balance Sheet - All Internal Service Funds
June 30, 1997

(In Thousands)

	Services to Nonstate Governmental Units	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services	State Telephone System
Assets						
Cash and Cash Equivalents	$ -	$ 991	$ -	$ 2,298	$ 472	$ -
Receivables (net of estimated uncollectible accounts):						
Other Receivables	4	1	2	-	7	19
Due from Other Funds	123	732	1,351	1,960	1,651	3,694
Due from Component Units	-	5	3	-	128	53
Due from Other Governments	11	-	-	-	27	236
Inventories	-	-	112	-	893	-
Prepaid Items	2	24	9	27	93	1,857
Advances to Other Funds	-	-	-	-	-	7,118
Deferred Charges	-	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	1,157	378	20,937	152	1,931	4,028
Total Assets	$ 1,295	$ 2,130	$ 22,415	$ 4,438	$ 5,202	$ 17,004
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 42	$ 593	$ 508	$ 478	$ 650	$ 3,314
Due to Other Funds	14	866	62	118	121	458
Interfund Loans Payable	2,371	-	21,643	-	3,251	3,518
Due to Other Governments	-	-	-	-	-	27
Deferred Revenue	-	-	-	757	-	-
Interest Payable	-	2	-	-	4	60
Short-Term Notes Payable	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-	-
Capital Leases	-	111	-	-	446	3,477
Compensated Absences	13	118	47	268	76	76
General Obligation Bonds Payable	-	-	-	-	-	-
Installment Contract Payable	-	-	-	-	-	-
Total Liabilities	2,440	1,689	22,260	1,622	4,548	10,929
Fund Equity:						
Contributed Capital	-	-	3	-	1,779	-
Retained Earnings:						
Unreserved	(1,145)	441	152	2,816	(1,125)	6,075
Total Fund Equity	(1,145)	441	155	2,816	654	6,075
Total Liabilities and Fund Equity	$ 1,295	$ 2,130	$ 22,415	$ 4,438	$ 5,202	$ 17,004

Financial Services	Risk Management	Facilities Operations and Maintenance	Information Technology Services	Institutional Power Plant	Central Warehouse	Badger State Industries	Totals
$ 227	$ 16,689	$ 7,563	$ -	$ 81	$ 749	$ 10	$ 29,080
-	240	8	5	1	-	623	910
269	155	2,974	18,316	1,043	413	2,064	34,746
-	-	-	-	-	-	8	196
-	-	-	-	-	34	130	438
-	-	1,446	-	292	1,405	4,142	8,291
13	9	82	42	18	4	47	2,227
-	-	-	-	-	-	-	7,118
-	-	486	-	-	-	1	487
6,235	162	144,209	19,480	2,944	1,345	1,903	204,860
$ 6,744	$ 17,255	$ 156,768	$ 37,844	$ 4,379	$ 3,950	$ 8,929	$ 288,353
$ 284	$ 373	$ 8,698	$ 2,329	$ 170	$ 230	$ 736	$ 18,404
453	2,494	936	765	356	16	375	7,034
-	-	-	3,091	203	-	1,723	35,799
-	-	180	-	-	-	5	212
-	-	-	-	-	-	66	823
74	-	719	333	-	-	10	1,200
-	-	1,107	-	-	-	-	1,107
-	-	-	3,160	-	-	-	3,160
-	77,544	-	-	-	-	-	77,544
5,019	-	-	5,120	-	-	2	14,174
94	29	407	383	65	22	98	1,697
-	-	96,133	-	-	-	228	96,362
-	-	-	-	-	-	432	432
5,923	80,440	108,181	15,180	794	268	3,674	257,949
-	20	2,067	10,472	6,073	805	1,826	23,045
821	(63,206)	46,520	12,191	(2,488)	2,877	3,429	7,358
821	(63,186)	48,587	22,663	3,585	3,682	5,255	30,403
$ 6,744	$ 17,255	$ 156,768	$ 37,844	$ 4,379	$ 3,950	$ 8,929	$ 288,353

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Internal Service Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Services to Nonstate Governmental Units	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services	State Telephone System
Operating Revenues:						
Charges For Goods and Services	$ 798	$ 3,782	$ 9,065	$ 6,785	$ 13,994	$ 32,178
Other Income	-	-	259	-	-	768
Total Operating Revenues	798	3,782	9,324	6,785	13,994	32,945
Operating Expenses:						
Personal Services	220	2,894	1,128	4,234	2,780	1,652
Supplies and Services	453	981	5,047	1,877	11,299	33,813
Depreciation	275	123	4,222	48	644	1,242
Benefit Expense	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Total Operating Expenses	948	3,998	10,397	6,160	14,723	36,707
Operating Income (Loss)	(151)	(217)	(1,073)	625	(729)	(3,761)
Nonoperating Revenues (Expenses):						
Operating Grants	38	-	-	-	230	-
Investment and Interest Income	-	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	74	-	465	-	(24)	-
Interest Expense	(60)	(8)	-	-	(39)	(142)
Other Revenues	61	46	3	46	9	485
Other Expenses	-	-	-	-	-	(443)
Total Nonoperating Revenues (Expenses)	113	37	467	46	177	(100)
Income (Loss) Before Operating Transfers	(38)	(180)	(606)	671	(552)	(3,861)
Operating Transfers In	148	316	-	-	250	335
Operating Transfers Out	-	-	-	-	-	(386)
Net Income (Loss)	110	136	(606)	671	(302)	(3,912)
Retained Earnings, Beginning of Year	(1,255)	(983)	760	2,145	478	9,987
Residual Equity Transfers In	-	1,303	-	-	-	-
Residual Equity Transfers Out	-	(16)	(2)	-	(1,301)	-
Retained Earnings, End of Year	$ (1,145)	$ 441	$ 152	$ 2,816	$ (1,125)	$ 6,075

Financial Services	Risk Management	Facilities Operations and Maintenance	Information Technology Services	Institutional Power Plant	Central Warehouse	Badger State Industries	Totals
$ 8,499	$ 19,565	$ 33,910	$ 45,631	$ 5,076	$ 8,198	$ 16,682	$ 204,162
-	578	-	133	1	2	4	1,745
8,499	20,143	33,910	45,764	5,077	8,200	16,687	205,907
2,038	964	11,330	7,170	2,036	398	3,752	40,598
4,424	2,560	18,621	17,243	2,802	7,496	12,034	118,652
1,052	37	3,602	10,649	277	71	364	22,605
-	24,415	-	-	-	-	-	24,415
-	-	-	-	-	-	3	3
7,514	27,976	33,553	35,062	5,115	7,965	16,154	206,274
985	(7,834)	357	10,702	(38)	235	533	(366)
-	-	-	-	-	-	-	268
-	-	517	-	-	-	13	530
(1)	-	1	(638)	-	-	-	(123)
(295)	-	(2,751)	(703)	-	-	(49)	(4,048)
5	96	292	-	3	7	-	1,053
-	-	-	-	-	-	-	(443)
(291)	96	(1,942)	(1,341)	3	7	(36)	(2,763)
694	(7,738)	(1,584)	9,361	(35)	242	497	(3,129)
-	-	5,456	211	-	-	-	6,716
(356)	-	(2,195)	(335)	(80)	(7)	(32)	(3,391)
338	(7,738)	1,677	9,236	(114)	235	465	196
483	(55,467)	44,843	2,939	(2,374)	2,642	2,964	7,163
-	-	-	16	-	-	-	1,319
-	-	-	-	-	-	-	(1,319)
$ 821	$ (63,206)	46,520	$ 12,191	$ (2,488)	$ 2,877	$ 3,429	$ 7,358

Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Services to Nonstate Governmental Units	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services	State Telephone System
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 801	$ 4,113	$ 8,974	$ 6,932	$ 13,811	$ 33,080
Cash Payments to Suppliers for Goods and Services	(313)	361	(5,124)	(1,441)	(11,635)	(36,518)
Cash Payments to Employes for Services	(220)	(2,943)	(1,133)	(4,222)	(2,791)	(1,661)
Cash Payments for Benefits	-	-	-	-	-	-
Other Operating Revenues	-	8	260	-	-	752
Other Operating Expenses	-	-	-	-	-	-
Other Sources of Cash	79	45	3	46	9	42
Net Cash Provided (Used) by Operating Activities	347	1,584	2,981	1,315	(606)	(4,305)
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	38	-	-	-	230	-
Interfund Loans	-	-	2,410	-	1,161	-
Interfund Loans Repaid	(319)	(1,118)	-	-	-	3,518
Interfund Advances	-	-	-	-	-	(3,326)
Operating Transfers In	38	316	-	-	250	335
Operating Transfers Out	-	-	-	-	-	(386)
Residual Equity Transfers In	-	391	-	-	-	-
Residual Equity Transfers Out	-	(16)	(2)	-	(321)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(242)	(428)	2,408	-	1,320	142
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-	-
Proceeds from Short-Term Notes Payable	-	-	-	-	-	-
Interest Payments	(60)	(10)	-	-	(36)	(95)
Interfund Advances Repaid	-	-	-	-	-	-
Capital Lease Obligations	-	(111)	-	-	(386)	(382)
Proceeds from Sale of Fixed Assets	157	-	1,513	-	8	-
Payments for Purchase of Fixed Assets	(201)	(44)	(6,901)	(19)	(24)	(656)
Other Cash Inflows from Capital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(105)	(166)	(5,389)	(19)	(436)	(1,134)
Cash Flows from Investing Activities:						
Investment and Interest Receipts	-	-	-	-	-	-
Net Cash Flows from Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	991	-	1,296	278	(5,296)
Cash and Cash Equivalents, Beginning of Year	-	-	-	1,002	194	5,296
Cash and Cash Equivalents, End of Year	$ 0	$ 991	$ 0	$ 2,298	$ 472	$ 0

Financial Services	Risk Management	Facilities Operations and Maintenance	Information Technology Services	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ 8,545	$ 19,622	$ 33,256	$ 33,078	$ 4,522	$ 8,383	$ 16,039	$ 191,157
(4,013)	(511)	(18,469)	(17,366)	(3,054)	(7,895)	(11,851)	(117,829)
(2,098)	(966)	(11,408)	(7,207)	(1,937)	(395)	(3,746)	(40,727)
-	(16,685)	-	-	-	-	-	(16,685)
-	578	-	133	-	7	-	1,740
-	-	(56)	-	-	-	(14)	(70)
5	96	-	-	-	-	-	324
2,439	2,134	3,323	8,637	(469)	100	429	17,910
-	-	-	-	-	-	-	268
-	-	-	3,091	203	-	-	6,865
-	-	-	-	-	-	(195)	1,886
-	-	-	-	-	-	-	(3,326)
-	-	6,072	211	-	-	81	7,303
(356)	-	(2,720)	(335)	(80)	(7)	(113)	(3,997)
-	-	-	159	-	-	-	550
-	-	-	-	-	-	-	(340)
(356)	-	3,352	3,125	124	(7)	(227)	9,210
-	-	5,809	-	-	-	18	5,827
-	-	(7,995)	-	-	-	(56)	(8,052)
-	-	1,107	-	-	-	-	1,107
(388)	-	(4,100)	(606)	-	-	(48)	(5,343)
-	-	-	(632)	-	-	-	(632)
(1,571)	-	-	(15,251)	-	-	(74)	(17,776)
-	-	1	487	-	-	-	2,166
-	-	(12,081)	(1,190)	(68)	(41)	(212)	(21,438)
-	-	251	-	-	-	11	262
(1,959)	-	(17,009)	(17,192)	(68)	(41)	(361)	(43,878)
-	-	517	-	-	-	-	517
-	-	517	-	-	-	-	517
125	2,134	(9,817)	(5,430)	(414)	52	(160)	(16,242)
102	14,555	17,380	5,430	494	697	170	45,321
$ 227	$ 16,689	7,563	$ 0	$ 81	$ 749	$ 10	$ 29,080

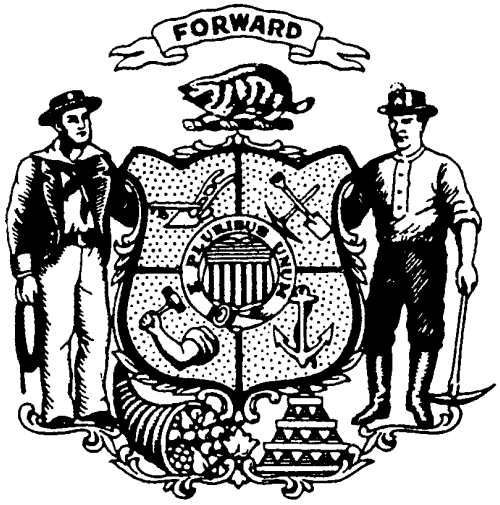
(Continued)

Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	Services to Nonstate Governmental Units	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing Services	State Telephone System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	$ (151)	$ (217)	$ (1,073)	$ 625	$ (729)	$ (3,761)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation Expense	275	123	4,222	48	644	1,242
Miscellaneous Nonoperating Income (Expense)	61	45	3	46	9	42
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	-	-	1	341	3	7
Decrease (Increase) in Due from Other Funds	188	345	(87)	648	(54)	620
Decrease (Increase) in Due from Component Units	-	(5)	(3)	-	(128)	(53)
Decrease (Increase) in Due from Other Governments	-	-	-	-	(4)	84
Decrease (Increase) in Inventories	-	417	(44)	-	(417)	-
Decrease (Increase) in Prepaid Items	-	(3)	-	2	137	(1,846)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(35)	344	(25)	122	(123)	(914)
Increase (Decrease) in Compensated Absences	3	(34)	1	(18)	17	(10)
Increase (Decrease) in Due to Other Funds	6	569	(13)	3	41	258
Increase (Decrease) in Due to Other Governments	-	-	(1)	-	-	27
Increase (Decrease) in Deferred Revenue	-	-	-	(502)	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-	-
Total Adjustments	497	1,801	4,054	690	123	(543)
Net Cash Provided by Operating Activities	$ 347	$ 1,584	$ 2,981	$ 1,315	$ (606)	$ (4,305)
Noncash Investing, Capital and Financing Activities:						
Capital Leases (Initial Year):						
Fair Market Value	$ -	$ -	$ -	$ -	$ -	$ 2,657
Current Year Cash Receipts (Payments)	-	-	-	-	-	73
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	-	-	-	-	-	-

Financial Services	Risk Management	Facilities Operations and Maintenance	Information Technology Services	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ 985	$ (7,834)	$ 357	$ 10,702	$ (38)	$ 235	$ 533	$ (366)
1,052	37	3,602	10,649	277	71	364	22,605
5	96	-	-	-	7	(7)	308
-	(240)	3	67	29	-	(171)	39
46	58	(722)	(13,367)	(651)	162	(319)	(13,133)
-	-	-	-	-	-	(8)	(196)
-	-	-	5	-	21	(105)	1
-	-	(595)	-	(62)	(217)	(191)	(1,108)
(1)	(2)	(2)	(3)	-	1	(1)	(1,719)
155	77	758	398	(11)	(186)	191	750
(32)	-	28	31	13	4	29	33
230	2,317	24	156	(25)	1	108	3,674
-	-	(130)	-	-	-	5	(99)
-	-	-	-	-	-	-	(502)
-	7,624	-	-	-	-	-	7,624
1,455	9,968	2,966	(2,065)	(432)	(135)	(104)	18,276
$ 2,439	$ 2,134	$ 3,323	$ 8,637	$ (469)	$ 100	$ 429	$ 17,910
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,657
-	-	-	-	-	-	-	73
-	-	-	-	114	-	-	114


FORWARD

Trust and Agency Funds

TRUST AND AGENCY: Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The State's trust and agency funds, consisting of expendable trust, nonexpendable trust, pension trust and agency funds, are described below:

EXPENDABLE TRUST: Expendable trust funds are trust funds whose resources, including both principal and earnings, may be expended by the State. The State's expendable trust funds are described below:

The **Petroleum Violation Fund** accounts for oil overcharge restitution funds redistributed through energy related grants and contracts.

The **Unclaimed Property Program Fund** accounts for unclaimed stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks which are deposited with the State after five years of abandonment. Upon an unsuccessful attempt to locate the owner, the funds are deposited in the Common School Fund where they are loaned to local governments. These funds may be claimed at any time by the owners or their heirs.

The **Children's Trust Fund** accounts for the program which provides information and encourages the development of child abuse and neglect prevention programs. This fund is supported primarily with investment income and moneys received as contributions, grants, gifts and bequests.

The **Accumulated Sick Leave Fund** accounts for the prefunding payment of group health insurance premiums for retired employes or the surviving spouse/dependent minor children if the employe had accumulated unused sick leave upon retirement.

The **State Capitol Restoration Fund** accounts for gifts, grants and bequests received and costs incurred for the maintenance, restoration, preservation and rehabilitation of the buildings and grounds of the State Capitol, and associated artifacts and other historic objects.

The **Special Death Benefits Fund** accounts for transactions and activities for members of the former Milwaukee Teacher Retirement Fund who have elected to participate in a special death benefit fund. Although eligibility to participate in the Special Death Benefit is based on participation in the Wisconsin Retirement System, the plan itself has the characteristics of a life insurance program; therefore, the Special Death Benefit Fund has been reclassified from a pension trust fund to an expendable trust fund in Fiscal Year 1997.

The **Employe Reimbursement Accounts Fund** was created under Internal Revenue Code Section 125 to account for moneys deposited by State employe participants as pre-tax earnings for use in paying eligible dependent care and medical expenses.

The **Life Insurance Fund** accounts for transactions related to the collection and payment of premiums for State and local participating employes' group life insurance contracts with a life insurance carrier. Local employers pay premiums directly to the carrier rather than passing them through the Department of Employe Trust Funds. In order to present the operations of the entire life insurance plan, Fiscal Year 1997 financial transactions of the participating local employers are included in the fund.

The **Deferred Compensation Plan Fund** accounts for participant earnings deferred in accordance with Internal Revenue Code Section 457. Amounts deferred are invested through an independent agent and are not subject to federal income taxes until paid to participants upon termination or retirement form employment, death, or for an unforeseeable emergency. Beginning January 1, 1997, the assets of the fund are no longer the property of the State, but are held in trust for the exclusive benefit of the participants and their beneficiaries. The fund has been reclassified from an agency to an expendable trust fund.

The **Common School Income Fund** accounts for the distribution of earnings of the Common School Fund. Distributions aid local school districts and cover administrative costs incurred by the Public Lands Commission.

The **Unemployment Insurance Reserve Fund** accounts for unemployment contributions made by employers, federal program receipts, benefit payment recoveries and unemployment benefits paid to laid off workers in the State.

(Continued)

Trust and Agency Funds

(Continued)

NONEXPENDABLE TRUST: Nonexpendable trust funds are trust funds, the principal of which may not be expended by the State. The State's nonexpendable trust funds are described below:

The **Agriculture Fund** accounts for federal land grant revenues used as public purpose loans for municipalities and school districts.

The **Common School Fund** accounts for revenues received from the sale of federally granted land, fines and forfeitures from penal law breaches, and the disposal of escheated property. These moneys are used for public purpose loans to municipalities and school districts.

The **Normal School Fund** accounts for public purpose loans to municipalities and school districts. These loans are financed with revenues derived from the sale of federally granted land and timber. The interest generated from this fund is used to support and maintain State universities.

The **University Fund** accounts for federal land grant revenues used for public loans to municipalities and school districts.

The **Historical Society Fund** accounts for investment income and donations received by the State Historical Society to assist in the operations of the State's archives, research and library services, museums, historic preservation, and executive and administrative services.

The **Benevolent Fund** accounts for investment income used for the care, custody and education of residents committed to the Lincoln Hills School.

The **State Housing Authority Reserve Fund** was established in accordance with Wis. Stat. Secs. 25.17(2)(c) and .41 to acquire a subordinated bond of the Wisconsin Housing and Economic Development Authority's Housing Rehabilitation Loan Program. This bond was redeemed in Fiscal Year 1997.

PENSION TRUST FUNDS: Pension trust funds account for activities of the public employe retirement system. Retirement contributions made by and on behalf of participants in the Wisconsin Retirement System are deposited in two trusts. The fixed retirement investment trust is a pooled investment trust consisting of fixed-income securities and equity securities. The variable retirement investment trust primarily accounts for investment in stock. The Wisconsin Retirement System also receives employer payments and provides benefits to certain local police officers and firefighters, which are recorded in the police and firefighters trust. The Special Death Benefits Fund, previously reported as a pension trust fund, has been reclassified as an expendable trust fund in Fiscal Year 1997.

AGENCY FUNDS: Agency funds report those assets for which the State acts solely in a custodial capacity. The State's agency funds are described below:

The **Local Government Pooled Investment Fund** was established to enable local governments in Wisconsin to voluntarily invest any idle local moneys. The sources of this fund are local government investment deposits and their share of the investment earnings of the fund. Deductions occur as withdrawals are requested by local governments.

The **Milwaukee Retirement Systems Fund** accounts for funds invested as part of the Wisconsin Retirement System for the City of Milwaukee Retirement System and the Milwaukee Public Schools.

The **Insurance Company Liquidation Account Fund** accounts for the assets of insurance companies that are liquidated. These assets are used to pay claims and administrative costs associated with the liquidation.

The **Inmate and Resident Fund** accounts for the assets of inmates and residents in State institutions.

The **Bank and Insurance Company Deposits Fund** accounts for the statutorily required deposits of securities with the State by banks and insurance companies doing business in Wisconsin.

Combining Balance Sheet - Trust and Agency Funds
June 30, 1997

(In Thousands)

	Expendable Trust	Non-expendable Trust	Pension Trust	Agency	Totals
Assets					
Cash and Cash Equivalents	$ 1,915,551	$ 119,232	$ 1,819,270	$ 2,808,751	$ 6,662,803
Investments	667,184	6,964	43,443,960	885	44,118,993
Securities Lending Collateral	-	-	2,678,622	-	2,678,622
Receivables (net of estimated uncollectible accounts):					
Loans to Local Governments	44	254,134	-	-	254,178
Prior Service Contributions Receivable	-	-	2,090,431	-	2,090,431
Other Receivables	123,812	83	558,108	44	682,048
Due from Other Funds	48,987	44	242,808	21,334	313,172
Due from Component Unit	16	-	-	-	16
Due from Other Governments	6,769	-	90,950	-	97,718
Prepaid Items	3,960	1	423	-	4,385
Fixed Assets	-	635	-	-	635
Other Assets:					
Assets Held in Custody for Others	7,623	-	-	223,658	231,281
Other	233	-	-	-	233
Total Assets	$ 2,774,178	$ 381,093	$ 50,924,572	$ 3,054,673	$ 57,134,515
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	$ 14,858	$ 17	$ 419,868	$ 37,241	$ 471,983
Due to Other Funds	943	73	115,833	108	116,958
Interfund Loans Payable	38	-	-	-	38
Due to Other Governments	2,099	-	219	2,786,697	2,789,015
Tax and Other Deposits	-	-	33	230,627	230,660
Deferred Revenue	1,569	-	437	-	2,006
Securities Lending Collateral Liability	-	-	2,678,622	-	2,678,622
Compensated Absences	295,989	-	-	-	295,989
Total Liabilities	315,497	90	3,215,012	3,054,673	6,585,272
Fund Balances:					
Reserved for Encumbrances	9,049	-	-	-	9,049
Reserved for Prepaid Items	2,201	-	423	-	2,625
Reserved for Employe Benefits	-	-	37,419,529	-	37,419,529
Reserved for Market Value Adjustments	74,975	-	10,289,607	-	10,364,582
Reserved for Unemployment Compensation	1,666,068	-	-	-	1,666,068
Unreserved:					
Undesignated	706,388	381,003	-	-	1,087,391
Total Fund Balances	2,458,681	381,003	47,709,559	-	50,549,243
Total Liabilities and Fund Balances	$ 2,774,178	$ 381,093	$ 50,924,572	$ 3,054,673	$ 57,134,515

Combining Balance Sheet - All Expendable Trust Funds
June 30, 1997

(In Thousands)

	Petroleum Violation	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration
Assets					
Cash and Cash Equivalents	$ 14,865	$ 6,908	$ 74	$ 322,494	$ 28
Investments	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):					
Loans to Local Governments	44	-	-	-	-
Other Receivables	-	-	-	1	-
Due from Other Funds	66	-	3	48,134	-
Due from Component Units	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Prepaid Items	1	2	-	2,199	-
Other Assets:					
Assets Held in Custody for Others	-	7,623	-	-	-
Other	-	-	-	-	-
Total Assets	$ 14,976	$ 14,532	$ 77	$ 372,827	$ 28
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	$ 56	$ 5,308	$ -	$ -	$ -
Due to Other Funds	77	10	-	-	-
Interfund Loans Payable	-	-	-	-	-
Due to Other Governments	70	-	-	-	-
Deferred Revenue	-	-	-	-	-
Compensated Absences	-	-	-	295,989	-
Total Liabilities	202	5,318	-	295,989	-
Fund Balances:					
Reserved for Encumbrances	8,971	54	25	-	-
Reserved for Prepaid Items	-	2	-	2,199	-
Reserved for Market Value Adjustments	-	-	-	74,639	-
Reserved for Unemployment Insurance	-	-	-	-	-
Unreserved:					
Undesignated	5,803	9,159	52	-	28
Total Fund Balances	14,773	9,214	77	76,838	28
Total Liabilities and Fund Balances	$ 14,976	$ 14,532	$ 77	$ 372,827	$ 28

Special Death Benefits	Employe Reimbursement Accounts	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
$ 1,008	$ 1,573	$ 130	$ 1,326	$ 16,850	$ 1,550,296	$ 1,915,551
-	-	-	667,184	-	-	667,184
-	-	-	-	-	-	44
-	-	-	95	-	123,717	123,812
217	249	27	-	-	290	48,987
-	16	-	-	-	-	16
-	-	-	-	4,474	2,294	6,769
-	195	1,563	-	-	-	3,960
-	-	-	-	-	-	7,623
-	-	-	-	-	233	233
$ 1,225	$ 2,033	$ 1,720	$ 668,605	$ 21,325	$ 1,676,831	$ 2,774,178
$ -	$ 1,094	$ -	$ -	$ -	$ 8,400	$ 14,858
-	-	17	-	506	334	943
-	-	-	38	-	-	38
-	-	-	-	-	2,030	2,099
-	-	1,569	-	-	-	1,569
-	-	-	-	-	-	295,989
-	1,094	1,586	38	506	10,763	315,497
-	-	-	-	-	-	9,049
-	-	-	-	-	-	2,201
336	-	-	-	-	-	74,975
-	-	-	-	-	1,666,068	1,666,068
889	939	134	668,567	20,818	-	706,388
1,225	939	134	668,567	20,818	1,666,068	2,458,681
$ 1,225	$ 2,033	$ 1,720	$ 668,605	$ 21,325	$ 1,676,831	$ 2,774,178

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Expendable Trust Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Petroleum Violation	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration
Revenues:					
Intergovernmental	$ 292	$ 4	$ -	$ -	$ -
Charges for Goods and Services	-	-	-	-	-
Contributions	-	-	-	40,483	-
Investment and Interest Income	833	-	4	69,176	2
Gifts and Donations	-	-	26	-	10
Other Revenues:					
Escheat Revenue	-	10,311	-	-	-
Reimbursable Financing Revenue	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	1,125	10,314	30	109,659	12
Expenditures:					
Current:					
Education	-	-	-	-	-
Human Relations and Resources	-	-	52	-	-
General Executive	947	874	-	74,180	23
Total Expenditures	947	874	52	74,180	23
Excess of Revenues Over (Under) Expenditures	178	9,440	(23)	35,479	(11)
Other Financing Sources (Uses):					
Operating Transfers Out	(1,630)	(12,000)	-	-	-
Total Other Financing Sources (Uses)	(1,630)	(12,000)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,452)	(2,560)	(23)	35,479	(11)
Fund Balances, Beginning of Year	16,226	11,774	99	41,359	39
Fund Balances, End of Year	$ 14,773	$ 9,214	$ 77	$ 76,838	$ 28

Special Death Benefits	Employe Reimbursement Account	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
$ -	$ -	$ -	$ -	$ -	$ 13,897	$ 14,193
-	-	632	-	-	-	632
-	11,830	25,390	61,271	-	420,583	559,557
187	104	27	102,831	18,664	102,896	294,722
-	-	-	-	-	-	36
-	-	-	-	-	-	10,311
-	-	-	-	-	28,113	28,113
-	-	1	519	-	2,434	2,955
187	11,933	26,050	164,621	18,664	567,924	910,518
-	-	-	-	18,418	-	18,418
-	-	-	-	-	495,768	495,820
54	11,640	26,002	18,038	-	-	131,758
54	11,640	26,002	18,038	18,418	495,768	645,996
133	293	48	146,583	246	72,156	264,523
-	-	-	-	-	-	(13,630)
-	-	-	-	-	-	(13,630)
133	293	48	146,583	246	72,156	250,893
1,092	646	86	521,984	20,572	1,593,912	2,207,789
$ 1,225	$ 939	$ 134	$ 668,567	$ 20,818	$ 1,666,068	$ 2,458,681

Combining Balance Sheet - All Nonexpendable Trust Funds
June 30, 1997

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	State Housing Authority Reserve	Totals
Assets								
Cash and Cash Equivalents	$ 278	$ 102,319	$ 16,021	$ 231	$ 353	$ 14	$ 16	$ 119,232
Investments	-	-	-	-	6,964	-	-	6,964
Receivables (net of estimated uncollectible accounts):								
Loans to Local Governments	28	252,206	1,898	3	-	-	-	254,134
Other Receivables	-	-	3	-	80	-	-	83
Due from Other Funds	-	40	-	-	3	-	-	44
Prepaid Items	-	-	-	-	1	-	-	1
Fixed Assets	-	5	630	-	-	-	-	635
Total Assets	$ 305	$ 354,571	$ 18,551	$ 234	$ 7,402	$ 14	$ 16	$ 381,093
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	$ -	$ -	$ -	$ -	$ 17	$ -	$ -	$ 17
Due to Other Funds	-	-	-	-	57	-	16	73
Total Liabilities	-	-	-	-	74	-	16	90
Fund Balances:								
Unreserved:								
Undesignated	305	354,571	18,551	234	7,328	14	-	381,003
Total Fund Balances	305	354,571	18,551	234	7,328	14	-	381,003
Total Liabilities and Fund Balances	$ 305	$ 354,571	$ 18,551	$ 234	$ 7,402	$ 14	$ 16	$ 381,093

Combining Statement of Revenues, Expenses, and Changes in Fund Balances - All Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	State Housing Authority Reserve	Totals
Operating Revenues:								
Charges for Goods and Services	$ -	$ 4	$ 188	$ -	$ -	$ -	$ -	$ 192
Investment and Interest Income	-	-	8	-	1,062	-	-	1,070
Fines and Forfeitures	-	15,848	-	-	-	-	-	15,848
Gifts and Donations	-	-	-	-	86	-	-	86
Other Income	-	30	-	-	-	-	-	30
Total Operating Revenues	-	15,882	196	-	1,148	-	-	17,226
Operating Expenses:								
Personal Services	-	-	-	-	137	-	-	137
Supplies and Services	-	-	-	-	122	-	-	122
Other Expenses	-	-	-	-	10	-	-	10
Total Operating Expenses	-	-	-	-	269	-	-	269
Operating Income	-	15,882	196	-	880	-	-	16,957
Nonoperating Revenues:								
Operating Grants	-	16	-	-	-	-	-	16
Total Nonoperating Revenue	-	16	-	-	-	-	-	16
Income Before Operating Transfers	-	15,897	196	-	880	-	-	16,973
Operating Transfers In	-	12,000	-	-	-	-	-	12,000
Operating Transfers Out	-	-	-	-	(73)	-	-	(73)
Net Income	-	27,897	196	-	807	-	-	28,900
Fund Balances, Beginning of Year	305	326,674	18,355	234	6,521	14	4,895	356,998
Residual Equity Transfer Out	-	-	-	-	-	-	(4,895)	(4,895)
Fund Balances, End of Year	$ 305	$ 354,571	$ 18,551	$ 234	$ 7,328	$ 14	$ 0	$ 381,003

Combining Statement of Cash Flows - All Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	State Housing Authority Reserve	Totals
Cash Flows from Operating Activities:								
Cash Receipts from Customers	$ -	$ 3	$ 185	$ -	$ -	$ -	$ -	$ 188
Cash Payments to Suppliers for Goods and Services	-	-	-	-	(183)	-	-	(183)
Cash Payments to Employes for Services	-	-	-	-	(139)	-	-	(139)
Fines and Forfeitures	-	15,809	-	-	-	-	-	15,809
Other Operating Revenues	-	30	-	-	86	-	-	116
Other Operating Expenses	-	-	-	-	(10)	-	-	(10)
Net Cash Provided (Used) by Operating Activities	-	15,842	185	-	(246)	-	-	15,781
Cash Flows from Noncapital Financing Activities:								
Operating Grants Receipts	-	16	-	-	-	-	-	16
Operating Transfers In	-	12,000	-	-	-	-	-	12,000
Operating Transfers Out	-	-	-	-	(73)	-	-	(73)
Net Cash Provided (Used) by Noncapital Financing Activities	-	12,016	-	-	(73)	-	-	11,943
Cash Flows from Investing Activities:								
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	9,785	-	-	9,785
Purchase of Investment Securities	-	-	-	-	(10,540)	-	-	(10,540)
Cash Payments for Loans Originated	-	(48,650)	-	-	-	-	-	(48,650)
Collection Of Loans	5	48,668	1,060	2	-	-	-	49,735
Investment and Interest Receipts	-	-	8	-	1,038	-	1	1,046
Net Cash Provided (Used) by Investing Activities	5	19	1,067	2	284	-	1	1,378
Net Increase (Decrease) in Cash and Cash Equivalents	5	27,877	1,252	2	(35)	-	1	29,102
Cash and Cash Equivalents, Beginning of Year	272	74,443	14,768	229	389	14	15	90,130
Cash and Cash Equivalents, End of Year	$ 278	$ 102,319	$ 16,021	$ 231	$ 353	$ 14	$ 16	$ 119,232
Reconciliation of Operating Income to Net Cash Provided by Operations:								
Operating Income	$ -	$ 15,882	$ 196	$ -	$ 880	$ -	$ -	$ 16,957
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Operating Income (Investment Income) Classified as Investing Activity	-	-	(8)	-	(1,062)	-	-	(1,070)
Changes in Assets and Liabilities:								
Decrease (Increase) in Receivables	-	-	(3)	-	-	-	-	(3)
Decrease (Increase) in Due from Other Funds	-	(39)	-	-	9	-	-	(30)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	-	-	-	-	(20)	-	-	(20)
Increase (Decrease) in Due to Other Funds	-	-	-	-	(52)	-	-	(52)
Total Adjustments	-	(39)	(11)	-	(1,126)	-	-	(1,176)
Net Cash Provided by Operating Activities	$ 0	$ 15,842	$ 185	$ 0	$ (246)	$ 0	$ 0	$ 15,781

Statement of Plan Net Assets - Pension Trust Fund
June 30, 1997

(In Thousands)

	Wisconsin Retirement System
Assets	
Cash and Cash Equivalents	$ 1,819,270
Securities Lending Collateral	2,678,622
Prepaid Items	423
Receivables (net of estimated uncollectible accounts)	
Prior Service Contributions Receivable	2,090,431
Benefits Overpayment Receivable	1,117
Due from Other Funds	242,808
Due from Other Governments	90,950
Interest and Dividends Receivable	243,995
Investment Sales Receivable	307,992
Other Receivables	5,005
Total Receivables	2,982,297
Investments:	
Bonds	9,742,806
Private Placements	2,735,648
Stocks	28,607,995
Options	50,388
Limited Partnerships	1,702,559
Mortgages	135,843
Real Estate	468,552
Other Investments	167
Total Investments	43,443,960
Total Assets	50,924,572
Liabilities	
Accounts Payable	14,868
Securities Lending Collateral Liability	2,678,622
Annuities Payable	102,837
Advance Contributions	437
Due to Other Funds	115,833
Due to Other Governments	219
Tax and Other Deposits	33
Investment Payable	302,163
Total Liabilities	3,215,012
Fund Balance	
Fund Balance Reserved for Pension Benefits	$ 47,709,559

Combining Balance Sheet - All Agency Funds
June 30, 1997

(In Thousands)

	Local Government Pooled Investment	Milwaukee Retirement Systems	Insurance Company Liquidation Account	Inmate and Resident	Bank and Insurance Company Deposits	Totals
Assets						
Cash and Cash Equivalents	$ 2,570,703	$ 195,129	$ 37,241	$ 5,679	$ -	$ 2,808,751
Investments	-	-	-	885	-	885
Receivables (net of estimated uncollectible accounts):						
Other Receivables	-	-	-	44	-	44
Due from Other Funds	-	20,868	-	466	-	21,334
Other Assets:						
Assets Held in Custody for Others	-	-	-	-	223,658	223,658
Total Assets	$ 2,570,703	$ 215,996	$ 37,241	$ 7,075	$ 223,658	$ 3,054,673
Liabilities						
Accounts Payable and Other Accrued Liabilities	$ -	$ -	$ 37,241	$ -	$ -	$ 37,241
Due to Other Funds	-	2	-	106	-	108
Due to Other Governments	2,570,703	215,994	-	-	-	2,786,697
Tax and Other Deposits	-	-	-	6,969	223,658	230,627
Total Liabilities	$ 2,570,703	$ 215,996	$ 37,241	$ 7,075	$ 223,658	$ 3,054,673

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Local Government Pooled Investment				
Assets:				
Cash and Cash Equivalents	$ 2,489,365	$ 9,158,953	$ 9,077,616	$ 2,570,703
Due from Other Governments	200	-	200	-
Total Assets	$ 2,489,565	$ 9,158,953	$ 9,077,816	$ 2,570,703
Liabilities:				
Due to Other Governments	2,489,565	9,139,606	9,058,468	2,570,703
Total Liabilities	$ 2,489,565	$ 9,139,606	$ 9,058,468	$ 2,570,703
Milwaukee Retirement Systems				
Assets:				
Cash and Cash Equivalents	$ 57,600	$ 271,174	$ 133,645	$ 195,129
Due from Other Funds	9,963	20,868	9,963	20,868
Interfund Loans Receivable	237,151	-	237,151	-
Total Assets	$ 304,714	$ 292,041	$ 380,759	$ 215,996
Liabilities:				
Due to Other Funds	$ 2	$ 2	$ 2	$ 2
Due to Other Governments	304,713	44,925	133,644	215,994
Total Liabilities	$ 304,714	$ 44,927	$ 133,645	$ 215,996
Insurance Company Liquidation Account				
Assets:				
Cash and Cash Equivalents	$ 36,789	$ 1,825	$ 1,373	$ 37,241
Investments	1,277	-	1,277	-
Total Assets	$ 38,065	$ 1,825	$ 2,649	$ 37,241
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 38,065	$ 1,825	$ 2,649	$ 37,241
Total Liabilities	$ 38,065	$ 1,825	$ 2,649	$ 37,241

(Continued)

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

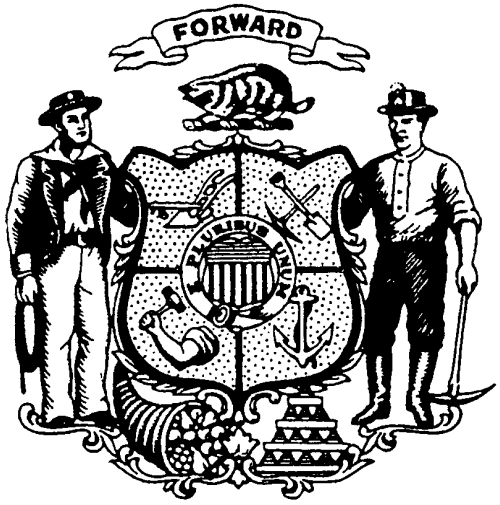
	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Inmate and Resident				
Assets:				
Cash and Cash Equivalents	$ 4,301	$ 63,547	$ 62,169	$ 5,679
Investments	903	83	100	885
Receivables (net of estimated uncollectible accounts):				
Other Receivables	343	129	428	44
Due from Other Funds	463	7,195	7,192	466
Total Assets	$ 6,010	$ 70,954	$ 69,889	$ 7,075
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 1	$ 3	$ 4	$ -
Due to Other Funds	93	12,121	12,108	106
Tax and Other Deposits	5,916	34,213	33,160	6,969
Total Liabilities	$ 6,010	$ 46,336	$ 45,271	$ 7,075
Bank and Insurance Company Deposits				
Assets:				
Other Assets:				
Assets Held in Custody for Others	$ 212,228	$ 19,108	$ 7,678	$ 223,658
Total Assets	$ 212,228	$ 19,108	$ 7,678	$ 223,658
Liabilities:				
Tax and Other Deposits	$ 212,228	$ 19,108	$ 7,678	$ 223,658
Total Liabilities	$ 212,228	$ 19,108	$ 7,678	$ 223,658

(Continued)

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 1997

(Continued)

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Total - All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 2,588,055	$ 9,495,499	$ 9,274,803	$ 2,808,751
Investments	2,180	83	1,377	885
Receivables (net of estimated uncollectible accounts):				
Other Receivables	343	129	428	44
Due from Other Funds	10,426	28,063	17,155	21,334
Interfund Loans Receivable	237,151	-	237,151	-
Due from Other Governments	200	-	200	-
Other Assets:				
Assets Held in Custody for Others	212,228	19,108	7,678	223,658
Total Assets	$ 3,050,584	$ 9,542,881	$ 9,538,792	$ 3,054,673
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 38,066	$ 1,828	$ 2,653	$ 37,241
Due to Other Funds	95	12,123	12,109	108
Due to Other Governments	2,794,278	9,184,530	9,192,112	2,786,697
Tax and Other Deposits	218,145	53,321	40,838	230,627
Total Liabilities	$ 3,050,584	$ 9,251,801	$ 9,247,712	$ 3,054,673


FORWARD

General Fixed Assets Account Group

The **General Fixed Assets Account Group** accounts for the land, buildings and improvements, and machinery and equipment of the governmental funds.

State of Wisconsin

Schedule of General Fixed Assets by Function
June 30, 1997

(In Thousands)

Function	Land	Buildings	Equipment	Totals
Commerce	$ -	$ 534	$ 12,633	$ 13,167
Education	789	30,696	91,345	122,830
Transportation	10,281	60,924	72,117	143,322
Environmental Resources	302,403	72,957	89,513	464,874
Human Relations and Resources	23,296	489,803	81,031	594,130
General Executive	1,705	35,746	10,661	48,113
Judicial	-	-	32,463	32,463
Legislative	-	-	2,229	2,229
Other	-	1,646	-	1,646
Total by Function	$ 338,474	$ 692,307	$ 391,992	1,422,773
Construction in Progress				119,875
Total General Fixed Assets				$ 1,542,648

State of Wisconsin

Schedule of Changes in General Fixed Assets by Function
For the Year Ended June 30, 1997

(In Thousands)

Function	Balance July 1, 1996	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 1997
Commerce	$ 13,197	$ 767	$ (797)	$ -	$ -	$ 13,167
Education	122,059	2,400	(1,788)	160	-	122,830
Transportation	140,158	9,852	(10,367)	3,679	-	143,322
Environmental Resources	448,297	16,449	(3,442)	3,571	-	464,874
Human Relations and Resources	574,374	11,063	(16,975)	25,617	52	594,130
General Executive	46,469	2,777	(1,228)	94	-	48,113
Judicial	29,954	2,908	(400)	-	-	32,463
Legislative	2,192	49	(12)	-	-	2,229
Other	1,056	-	-	589	-	1,646
Total by Function	1,377,755	46,265	(35,009)	33,710	52	1,422,773
Construction in Progress	66,174	87,411	-	(33,710)	-	119,875
Total General Fixed Assets	$ 1,443,929	$ 133,675	$ (35,009)	$ 0	$ 52	$ 1,542,648

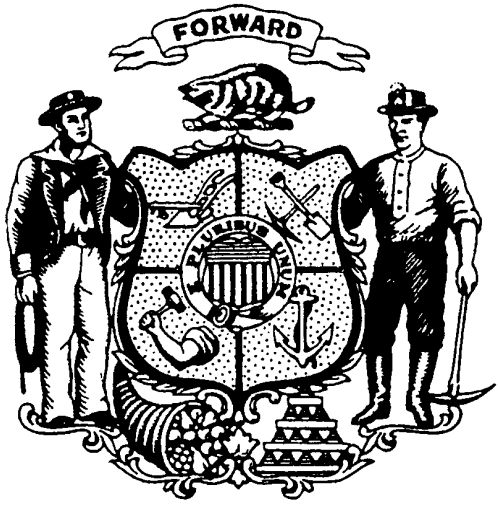
University of Wisconsin System

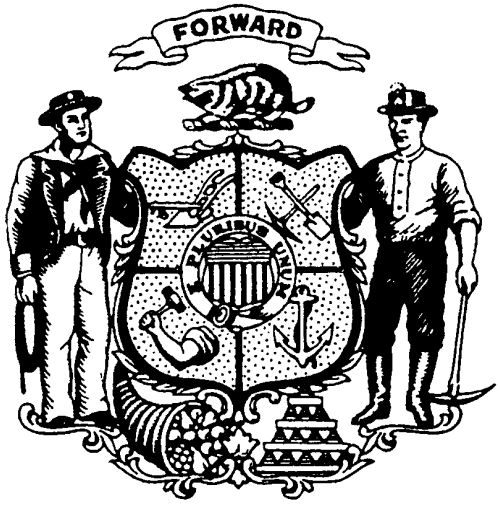
The funds of the **University of Wisconsin System** account for the 13 universities, 13 centers, the University of Wisconsin Extension and System Administration. In addition, the University of Wisconsin System balance sheet includes the accounts of the Wisconsin State Colleges Building Corporation and the Wisconsin University Building Corporation.

Combining Balance Sheet - University of Wisconsin System
June 30, 1997

(In Thousands)

	Current Funds		Loan	Endowment and Similar		Agency	
	Unrestricted	Restricted	Funds	Funds	Plant Funds	Funds	Totals
Assets							
Cash and Cash Equivalents	$ 254,608	$ 20,891	$ 5,044	$ 4,296	$ 33,833	$ 1,330	$ 320,002
Investments	-	8,620	-	188,109	5	-	196,734
Student Loans Receivable	-	-	157,310	-	-	-	157,310
Other Receivables	29,188	29,061	-	-	-	-	58,249
Due from Other Funds	42,924	9,060	-	-	36	-	52,020
Due from Component Units	-	14,804	-	-	-	-	14,804
Due from Other Governments	617	32,981	-	-	-	-	33,598
Inventories	43,326	-	-	-	-	-	43,326
Prepaid Items	13,619	137	-	-	-	-	13,756
Capital Lease Receivable - Component Unit	-	-	-	-	37,815	-	37,815
Deferred Charges	2,748	172	-	-	4,098	-	7,018
Plant and Equipment	-	-	-	-	3,370,110	-	3,370,110
Total Assets	$ 387,030	$ 115,726	$ 162,354	$ 192,405	$ 3,445,898	$ 1,330	$ 4,304,742
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable and Other Accrued Liabilities	$ 53,700	$ 28,431	$ 998	$ -	$ 24,200	$ -	$ 107,329
Due to Other Funds	37,526	11,356	-	-	6,849	-	55,732
Due to Other Governments	3,010	287	-	-	-	-	3,298
Deferred Revenue	53,066	24,576	-	-	-	-	77,642
Advances from Other Funds	-	-	-	-	3,000	-	3,000
Short-term Notes Payable	-	-	-	-	24,917	-	24,917
Deposits Held in Custody for Others	-	-	-	-	-	1,330	1,330
Compensated Absences	33,693	7,752	-	-	-	-	41,445
Capital Leases	-	-	-	-	11,872	-	11,872
Installment Contracts Payable	-	-	-	-	262	-	262
General Obligation Bonds Payable	-	-	-	-	709,806	-	709,806
Other Bonds Payable	-	-	-	-	1,336	-	1,336
Total Liabilities	180,996	72,402	998	-	782,242	1,330	1,037,968
Equity and Funds Balances:							
Fund Balances - Reserved:							
Encumbrances	25,669	27,865	-	-	77,471	-	131,005
Inventories and Prepaid Items	56,944	137	-	-	-	-	57,081
Auxiliary Operations	78,976	-	-	-	-	-	78,976
Current Restricted Funds	-	15,322	-	-	-	-	15,322
Loan Funds	-	-	161,356	-	-	-	161,356
Endowment and Similar Funds	-	-	-	192,405	-	-	192,405
Plant Funds	-	-	-	-	2,586,184	-	2,586,184
Fund Balances - Unreserved:							
Designated for Contingent Fund	3,611	-	-	-	-	-	3,611
Undesignated	40,834	-	-	-	-	-	40,834
Total Equity and Funds Balances	206,035	43,323	161,356	192,405	2,663,656	-	3,266,775
Total Liabilities and Funds Equity	$ 387,030	$ 115,726	$ 162,354	$ 192,405	$ 3,445,898	$ 1,330	$ 4,304,742


FORWARD


FORWARD

Component Units

The **Wisconsin Housing and Economic Development Authority** administers programs to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate income by providing or participating in the providing of construction and mortgage loans. Over the years, its mission has been expanded to include financing for farmers and for economic development projects.

The **Wisconsin Health Care Liability Insurance Plan** provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin. The insurance is financed with premiums collected from policyholders and investment earnings.

The **University of Wisconsin Hospitals and Clinics Authority** operates an acute-care hospital, numerous specialty clinics and ambulatory facilities. It provides health care to patients, education programs, research and community service primarily to residents of southern Wisconsin.

Combining Balance Sheet - Component Units
June 30, 1997

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Assets				
Cash and Cash Equivalents	$ 164,644	$ 5,204	$ 52,459	$ 222,307
Investments	217,901	156,612	17,884	392,398
Receivables (net of estimated uncollectible accounts):				
Mortgage Loans	1,743,543	-	-	1,743,543
Patients Accounts Receivable	-	-	52,526	52,526
Other Receivables	16,602	7,341	3,652	27,595
Due from Primary Government	-	-	863	863
Inventories	-	-	1,947	1,947
Prepaid Items	-	-	964	964
Restricted and Limited Use Assets:				
Investments	166,338	-	112,206	278,544
Deferred Charges	16,324	-	-	16,324
Fixed Assets (net of accumulated depreciation)	19,732	-	102,261	121,993
Other Assets	106,832	-	2,484	109,316
Total Assets	$ 2,451,916	$ 169,158	$ 347,246	$ 2,968,320
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 12,617	$ 11,417	$ 29,929	$ 53,963
Due to Primary Government	37	10	14,979	15,026
Due to Other Governments	-	-	7,759	7,759
Tax and Other Deposits	131,743	-	-	131,743
Deferred Revenue	-	1,857	-	1,857
Interest Payable	56,708	-	-	56,708
Future Benefits and Loss Liabilities	-	135,147	-	135,147
Capital Leases	-	-	1,286	1,286
Capital Leases - Primary Government	-	-	37,815	37,815
Compensated Absences	242	-	1,649	1,891
Revenue Bonds and Notes Payable	2,037,611	-	50,000	2,087,611
Total Liabilities	2,238,958	148,431	143,417	2,530,806
Fund Equity:				
Retained Earnings:				
Reserved for Future Benefits	3,620	-	-	3,620
Reserved for Bonds	127,865	-	-	127,865
Reserved by Donors for Operations	-	-	1,558	1,558
Unreserved	81,473	20,727	202,270	304,470
Total Fund Equity	212,958	20,727	203,829	437,514
Total Liabilities and Fund Equity	$ 2,451,916	$ 169,158	$ 347,246	$ 2,968,320

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Component Units
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Operating Revenues:				
Charges for Goods and Services	$ 3,451	$ 3,722	$ 306,074	$ 313,247
Investment and Interest Income	136,392	10,840	-	147,232
Other Income	855	34	6,201	7,090
Total Operating Revenues	140,698	14,596	312,275	467,568
Operating Expenses:				
Personal Services	9,309	-	162,386	171,695
Supplies and Services	10,126	820	118,098	129,044
Depreciation	648	-	17,040	17,688
Benefit Expense	-	2,395	-	2,395
Interest Expense	135,649	-	2,427	138,076
Other Expenses:				
Grant Programs	57,002	-	-	57,002
Insurance Dividends	-	17,627	-	17,627
Benefit from Federal Income Taxes	-	(3,791)	-	(3,791)
Other	906	-	6,449	7,355
Total Operating Expenses	213,640	17,051	306,399	537,090
Operating Income (Loss)	(72,942)	(2,455)	5,876	(69,521)
Nonoperating Revenues (Expenses):				
Operating Grants	57,002	-	-	57,002
Investment and Interest Income	38,098	-	8,603	46,701
Gain (Loss) on Disposal of Fixed Assets	(7)	-	-	(7)
Other Revenues	-	-	1,164	1,164
Other Expenses	-	-	(221)	(221)
Total Nonoperating Revenues (Expenses)	95,093	-	9,546	104,639
Net Income before Extraordinary Items	22,151	(2,455)	15,421	35,118
Extraordinary Items:				
Gain (Loss) from Extinguishment of Debt	(35)	-	-	(35)
Net Income	22,116	(2,455)	15,421	35,083
Retained Earnings, Beginning of Year	190,842	23,181	188,408	402,431
Retained Earnings, End of Year	$ 212,958	$ 20,727	$ 203,829	$ 437,514

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1997

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Cash Flows from Operating Activities:			
Cash Receipts from Customers	$ -	$ 3,072	$ 3,072
Cash Payments to Suppliers for Goods and Services	(3,495)	(835)	(4,330)
Cash Payments to Employes for Services	(9,336)	-	(9,336)
Cash Payments for Loans Originated	(238,418)	-	(238,418)
Cash Payments for Benefits	-	(5,908)	(5,908)
Interest Income	134,901	-	134,901
Collection of Loans	116,506	-	116,506
Other Operating Revenues	-	34	34
Other Operating Expenses:			
Grant Programs	(57,002)	-	(57,002)
Insurance Dividends	-	(6,627)	(6,627)
Other	(3,336)	(2,512)	(5,848)
Other Sources of Cash	10,131	-	10,131
Net Cash Provided (Used) by Operating Activities	(50,049)	(12,776)	(62,825)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Receipts	57,002	-	57,002
Proceeds from Issuance of Long-term Debt	516,283	-	516,283
Retirement of Long-term Debt	(335,114)	-	(335,114)
Interest Payments	(129,038)	-	(129,038)
Other Cash Outflows from Noncapital Financing Activities	(2,451)	-	(2,451)
Net Cash Provided (Used) by Noncapital Financing Activities	106,682	-	106,682
Cash Flows from Capital and Related Financing Activities:			
Payments for Purchase of Fixed Assets	(15,803)	-	(15,803)
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,803)	-	(15,803)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	564,382	25,532	589,914
Purchase of Investment Securities	(597,146)	(23,392)	(620,538)
Interest and Dividends Receipts	30,140	10,957	41,097
Net Cash Provided (Used) by Investing Activities	(2,624)	13,096	10,472
Net Increase (Decrease) in Cash and Cash Equivalents	38,206	320	38,526
Cash and Cash Equivalents, Beginning of Year	126,438	4,884	131,322
Cash and Cash Equivalents, End of Year	$ 164,644	$ 5,204	$ 169,848

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 172 and 173 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 174.

(Continued)

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1997

(Continued)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:			
Operating Income (Loss)	$ (72,941)	$ (2,455)	$ (75,396)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	648	-	648
Amortization	3,008	-	3,008
Provision for Uncollectible Accounts	561	-	561
Operating Income (Investment Income) Classified as Investing Activity	-	(10,874)	(10,874)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	132,123	-	132,123
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	(121,694)	(4,099)	(125,793)
Decrease (Increase) in Other Assets	(16)	-	(16)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	8,262	9,316	17,578
Increase (Decrease) in Due to Primary Government	-	1	1
Increase (Decrease) in Deferred Revenue	-	(1,152)	(1,152)
Increase (Decrease) in Future Benefits and Loss Liabilities	-	(3,513)	(3,513)
Total Adjustments	22,892	(10,321)	12,571
Net Cash Provided by Operating Activities	$ (50,049)	$ (12,776)	$ (62,825)

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 172 and 173 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 174.

(Continued)

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1997

(Continued)

	University of Wisconsin Hospitals and Clinics Authority
Cash Flows from Operating Activities:	
Operating Income	$ 5,876
Adjustments to Reconcile Operating Income to Net	
Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,040
Provision for Bad Debt	6,449
Other Sources	327
Other Uses	(220)
Changes in Assets and Liabilities:	
Increase in Net Patient Receivables	(9,339)
Increase in Other Receivables	(658)
Increase in Due from Primary Government	(862)
Increase in Inventories	(223)
Increase in Prepaid Items	(209)
Decrease in Other Assets	223
Increase in Accounts Payable and Other Accrued Expenses	11,358
Increase in Due to Other Goverments	1,456
Increase in Due to Primary Government	13,128
Decrease in Deferred Revenue	(846)
Net Cash Provided (Used) by Operating Activities	43,499
Cash Flows from Capital Financing Activities:	
Proceeds from Issuance of Long-Term Debt	50,000
Proceeds from Line of Credit	9,405
Repayment of Line of Credit	(9,405)
Payments for Purchase of Fixed Assets	(19,537)
Capital Leases Payable - Primary Government	(2,005)
Capital Leases Payable	(4,286)
Proceeds from Sale of Fixed Assets	131
Other Cash Flows from Capital Financing Activites	(1,082)
Net Cash Provided (Used) by Capital and Related Financing Activities	23,222
Cash Flows from Investing Activities:	
Purchase of Investment Securities	(58,727)
Interest and Dividends Receipts	6,936
Decrease in Investment in Affiliate	635
Net Cash Provided (Used) by Investing Activities	(51,156)
Net Increase (Decrease) in Cash and Cash Equivalents	15,565
Cash and Cash Equivalents at Beginning of Year	36,894
Cash and Cash Equivalents at End of Year	$ 52,459
Noncash Investing, Capital and Financing Activities:	
Capital Leases (Initial Year):	
Fair Market Value	$ 1,649
Other	2,624

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method, as presented on Pages 172 and 173 of the CAFR.

STATISTICAL SECTION

Revenues by Source and Expenditures by Function - All Governmental Fund Types

For the Last Ten Fiscal Years (In Thousands)

	1997	1996	1995	1994	1993
Revenues and Proceeds from Sale of Bonds:					
Taxes	$ 9,662,514	$ 8,974,484	$ 8,587,733	$ 7,912,596	$ 7,546,879
Intergovernmental	3,587,981	3,555,666	3,171,714	3,157,723	2,947,034
Fees	-	-	-	-	173,356
Licenses and Permits	584,825	684,330	635,731	616,541	390,104
Charges for Goods and Services	282,612	158,432	131,804	88,462	-
Services General	-	-	-	-	89,211
Contributions	-	-	-	-	-
Sale of Products	-	-	-	-	10,208
Investment Income	70,150	65,004	64,198	38,120	48,929
Gifts and Donations	3,177	5,940	3,908	1,695	2,488
Proceeds from Sale of Bonds	80,535	344,334	277,203	293,733	502,368
Other Revenues	86,453	73,724	58,538	72,659	71,571
Total Revenues and Other Sources	$ 14,358,247	$ 13,861,914	$ 12,930,829	$ 12,181,529	$ 11,782,148
Expenditures:					
Current:					
Commerce	$ 183,581	$ 161,923	$ 146,571	$ 130,412	$ 129,862
Education	4,125,946	3,283,511	3,005,096	2,709,922	2,481,956
Transportation	1,418,262	1,343,563	1,303,450	1,278,579	1,282,226
Environmental Resources	588,714	507,420	499,482	414,530	358,584
Human Relations and Resources	4,906,367	5,033,062	4,635,202	4,425,288	4,217,673
General Executive	325,433	246,561	246,086	231,075	221,026
Judicial	87,525	82,505	71,981	74,369	56,207
Legislative	53,277	50,165	50,732	47,142	44,357
Tax Relief and Other General Expenditures	694,871	574,771	616,891	599,794	617,323
Intergovernmental	1,008,590	1,010,618	992,437	950,467	919,821
Capital Outlay	170,693	153,809	190,307	174,087	184,112
Debt Service	285,157	270,555	257,649	231,816	202,367
Total Expenditures	$ 13,848,416	$ 12,718,463	$ 12,015,884	$ 11,267,481	$ 10,715,514

This schedule was prepared on the budgetary basis for years prior to 1990 and on the GAAP basis for 1990-1997.

Prior to 1990, debt service and capital outlay expenditures included activity that is reported in proprietary funds and the University of Wisconsin System in 1990-1997. In 1992-1997, revenues previously reported as Contributions are classified in various other revenue sources. Prior to 1993, Intergovernmental Expenditures were combined with Tax Relief and Other General Expenditures. In 1994-1997, revenues previously reported as Fees, Services General, and Sale of Products are classified as Licenses and Permits, and Charges for Goods and Services.

SOURCE: Wisconsin Department of Administration

	1992	1991	1990	1989	1988
$	6,987,448	$ 6,705,114	$ 6,307,800	$ 6,097,847	$ 5,708,139
	2,820,409	2,348,336	2,131,275	1,992,684	1,871,882
	132,381	68,449	61,234	54,972	39,645
	364,919	272,862	275,704	237,409	237,903
	-	-	-	-	-
	79,563	70,725	71,641	82,995	86,968
	-	78,739	58,955	64,486	52,939
	10,340	10,129	7,065	9,903	6,549
	53,049	64,327	89,194	71,259	50,970
	7,310	6,621	5,875	6,388	5,437
	322,112	278,582	197,323	363,426	489,817
	73,305	78,426	139,946	134,477	128,394
$	10,850,836	$ 9,982,310	$ 9,346,012	$ 9,115,846	$ 8,678,643
$	129,207	$ 158,526	$ 112,436	$ 119,545	$ 95,093
	2,376,760	2,241,173	2,086,779	1,879,031	1,847,038
	1,166,691	1,156,282	1,059,421	1,000,047	966,190
	375,902	368,270	322,772	246,639	233,852
	3,989,859	3,793,621	3,349,493	2,959,545	2,817,873
	177,761	166,952	137,987	130,914	123,284
	54,275	49,822	45,463	40,612	37,419
	43,939	40,646	37,879	33,346	31,467
	1,519,388	1,428,387	1,447,287	1,336,886	1,305,548
	-	-	-	-	-
	139,994	45,507	85,412	317,123	172,102
	199,663	183,292	203,319	359,100	744,302
$	10,173,439	$ 9,632,478	$ 8,888,248	$ 8,422,788	$ 8,374,168

State of Wisconsin

Assessed and Equalized Value of Taxable Property

For the Last Ten Years (In Thousands)

Year (A)	Real Property Assessed Value (B)	Real Property Equalized Value	Personal Property Assessed Value (B)	Personal Property Equalized Value	Total Assessed Value (B)	Total Equalized Value	Ratio of Total Assessed Value To Total Equalized Value
1996	$ 186,902,000	$ 207,896,469	$ 8,473,140	$ 9,047,289	$ 195,375,140	$ 216,943,759	90%
1995	173,908,997	192,505,594	8,394,885	9,032,516	182,303,882	201,538,109	90
1994	159,967,395	176,376,443	7,999,884	8,618,423	167,967,279	184,994,866	91
1993	147,624,892	163,188,926	7,737,267	8,488,238	155,362,159	171,677,164	91
1992	139,519,248	151,692,717	7,546,524	7,894,286	147,065,772	159,587,003	92
1991	132,063,360	143,206,294	7,207,672	7,721,462	139,271,032	150,927,756	92
1990	126,015,435	134,138,146	6,947,656	7,232,162	132,963,091	141,370,307	94
1989	121,015,169	126,471,407	6,526,198	6,734,778	127,541,367	133,206,185	96
1988	117,696,828	120,395,858	6,091,681	6,191,700	123,788,509	126,587,558	98
1987	115,127,918	115,933,213	5,840,957	5,950,443	120,968,875	121,883,656	99

(A) Represents values certified to the Department of Revenue on August 15 of each year. Assessed values for 1997 are not yet available.

(B) Municipalities assess property for tax purposes at different percentages of market value. Each community's assessment percenta is multiplied by the State-established market value of manufacturing property to determine the local assessed value of such property.

SOURCE: Wisconsin Department of Revenue, Bureau of Property Tax

State of Wisconsin

State Forestation Tax

For the Last Ten Years (In Thousands)

Year	Total Equalized Value (A)	State Forestation Tax Levy (B)	State Forestation Tax Collections (C)
1997	$ 233,074,233	$ 46,615	$ 42,661
1996	216,943,759	43,389	39,104
1995	201,538,109	40,308	36,335
1994	184,994,866	36,998	34,632
1993	171,677,164	34,335	43,044
1992	159,587,003	31,917	26,590
1991	150,927,756	30,186	27,799
1990	141,370,307	28,274	19,289
1989	133,206,185	26,641	25,310
1988	126,587,558	25,318	24,365

(A) Represents values certified to the Department of Revenue on August 15 of each year.

(B) Tax levy equals two-tenths of one mill for each dollar of the equalized value certified by the Department of Revenue.

(C) Collections reported in fiscal year ended June 30.

SOURCES: Wisconsin Department of Administration, Division of Executive Budget and Finance
Wisconsin Department of Revenue, Bureau of Property Tax
Wisconsin Office of the State Treasurer

Legal Debt Margin

For the Last Ten Calendar Years (In Thousands)

Calendar Year	Annual Debt Limit	Actual Borrowing (A)	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
1997	$ 1,748,057	$ 404,310	$ 1,343,747	76.9 %
1996	1,627,078	353,295	1,273,783	78.3
1995	1,511,536	368,322	1,143,214	75.6
1994	1,387,461	289,810	1,097,651	79.1
1993	1,287,579	129,325	1,158,254	90.0
1992	1,196,903	427,655	769,248	64.3
1991	1,131,958	359,716	772,242	68.2
1990	1,060,277	484,099	576,178	54.3
1989	999,046	218,535	780,511	78.1
1988	949,407	247,155	702,252	74.0

Wis. Stat. Sec. 18.05 limits the amount of public debt contracted in any calendar year to the lesser of:

(a) Three-fourths of one percent of the aggregate value of taxable property;

or

(b) Five percent of aggregate value of taxable property

Less: Net indebtedness at January 1

(A) Consists of bonds issued less refundings.

SOURCE: Wisconsin Department of Administration

Ratio of Net General Obligation Bonded Debt to Assessed Value And Net General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years (In Thousands)

Year	Population	Assessed Value (A)	General Obligation Bonded Debt: Gross Bonded Debt (B)	General Obligation Bonded Debt: Debt Service Moneys Available (C)	General Obligation Bonded Debt: Payable From Proprietary Fund Revenues	General Obligation Bonded Debt: Net Bonded Debt (D)	Ratio To Assessed Value (Percent)	Per Capita
1996	5,160	$ 195,375,140	$ 3,085,526	$ 5,588	$ 635,930	$ 2,444,008	1.25	$ 474
1995	5,123	182,303,882	2,986,486	0	624,355	2,362,131	1.30	461
1994	5,082	167,967,279	2,870,941	2,774	578,608	2,289,559	1.36	451
1993	5,038	155,362,159	2,800,863	319	623,320	2,177,224	1.40	432
1992	5,007	147,065,772	2,646,374	6,851	694,557	1,944,966	1.32	388
1991	4,955	139,271,032	2,489,676	6,841	750,738	1,732,097	1.24	350
1990	4,892	132,963,091	2,245,595	7,822	757,176	1,480,597	1.11	303
1989	4,867	127,541,367	1,998,315	1,455	761,951	1,234,909	.97	254
1988	4,832	123,788,509	2,007,895	1,455	814,522	1,191,918	.96	247
1987	4,785	120,968,875	1,730,545	1,455	868,987	860,103	.71	180

(A) Current values certified on August 15. Assessed values for 1997 are not yet available.

(B) Includes gross general obligation bonded debt for all fund types. Data for fiscal years prior to 1990 are presented on a non-GAAP basis.

(C) Represents moneys available in Debt Service Fund reserved for retirement of general obligation bonded debt.

(D) Excludes general obligation bonds expected to be repaid from revenues of five proprietary funds; includes general obligation bonds reported for the University of Wisconsin System.

SOURCES: Wisconsin Department of Administration
Wisconsin Department of Revenue, Bureau of Property Tax
U.S. Department of Commerce, Bureau of Census

Ratio of Annual Debt Service for General Bonded Debt to Total Governmental Expenditures

For the Last Ten Fiscal Years (In Thousands)

Year (A)	General Obligation Debt Service Expenditures	Total Governmental Expenditures	Ratio (Percent)
1997	$ 213,982	$ 13,848,416	1.55
1996	210,643	12,718,463	1.66
1995	205,097	12,015,884	1.71
1994	174,718	11,267,481	1.55
1993	155,025	10,715,514	1.45
1992	174,138	10,173,439	1.71
1991	157,203	9,632,478	1.63
1990	178,851	8,888,248	2.01
1989	120,024	8,422,788	1.42
1988	127,976	8,374,168	1.53

(A) For Fiscal Years 1990-1997, amounts based on GAAP-basis information.

SOURCE: Wisconsin Department of Administration

State of Wisconsin

Department of Transportation Revenue Bond Coverage

For the Last Nine Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Operating Expenses (C)	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1997	$ 279,876	$ 80	$ 279,796	$ 25,385	$ 52,982	$ 78,367	3.57
1996	277,267	37	277,230	21,590	46,421	68,011	4.08
1995	270,199	33	270,166	19,080	44,837	63,917	4.23
1994	260,928	86	260,842	15,035	39,201	54,236	4.81
1993	232,567	29	232,538	13,455	29,257	42,712	5.44
1992	210,427	19	210,408	10,480	14,558	25,038	8.40
1991	160,356	20	160,336	10,410	15,235	25,645	6.25
1990	161,611	30	161,581	9,230	14,746	23,976	6.74
1989	125,894	14	125,880	8,020	13,092	21,112	5.96

The State of Wisconsin, Department of Transportation finances certain state highway projects and related transportation facilities through the issuance of revenue bonds. The revenue bonds, $750.6 million outstanding at June 30, 1997, are secured by a pledge of the registration fees collected under Wis. Stat. Sec. 341.25 and investments.

(A) Information not available prior to Fiscal Year 1989.
(B) Includes revenues from Wis. Stat. Sec. 341.25 registration fees including fees collected under the International Registration Plan, a multi-state plan for the collection of registration fees from interstate trucking, and interest earnings.
(C) Includes administrative operating expenses.

SOURCE: Wisconsin Department of Transportation

State of Wisconsin

Higher Education Revenue Bonds
Health Education Assistance Loans

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1997	$ 4,476	$ 109	$ 4,367	$ 3,195	$ 784	$ 3,979	1.10
1996	4,916	147	4,769	3,460	1,052	4,512	1.06
1995	13,825	510	13,315	61,874	3,262	65,136	0.20
1994	18,896	573	18,323	6,030	5,943	11,973	1.53
1993	12,877	450	12,427	6,327	6,324	12,651	0.98
1992	12,773	469	12,304	16,957	8,215	25,172	0.49
1991	15,737	335	15,402	0	8,535	8,535	1.80
1990	13,238	344	12,985	0	8,535	8,535	1.52
1989	13,356	313	13,043	0	8,535	8,535	1.53
1988	12,352	317	12,035	0	8,535	8,535	1.41

The State of Wisconsin Higher Education Aids Board provides loans to eligible students enrolled in Wisconsin medical and dental schools. The bonds, $5.3 million outstanding at June 30, 1997, are to be repaid through the collection of student loans.

(A) Includes operating revenues from student loan repayment and interest income from student loans and investments.

SOURCE: Wisconsin Higher Education Aids Board

Wisconsin Housing and Economic Development Authority Revenue Bonds
Home Ownership Revenue Bonds

For the Last Eight Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Direct Operating Expenses (C)	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1997	$ 222,298	$ 8,229	$ 214,069	$ 126,974	$ 91,441	$ 218,415	0.98
1996	236,521	7,823	228,698	117,311	86,571	203,882	1.12
1995	178,760	7,082	171,678	171,421	78,769	250,190	0.69 (D)
1994	549,138	8,066	541,072	444,093	94,424	538,517	1.00
1993	396,215	10,001	386,213	244,736	124,418	369,154	1.05
1992	312,646	9,924	302,722	153,343	127,952	281,295	1.08
1991	224,158	9,093	215,065	82,537	122,935	205,472	1.05
1990	186,293	6,973	179,320	64,930	106,607	171,537	1.05

(A) Information not available prior to Fiscal Year 1990.
(B) Includes mortgage payments received.
(C) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.
(D) $79.3 million of mortgage prepayments on hand at the end of fiscal year 1994 were used to redeem Home Ownership Revenue Bonds in fiscal year 1995.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Revenue Bonds

For the Last Eight Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Direct Operating Expenses (C)	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1997	$ 62,229	$ 4,278	$ 57,951	$ 12,439	$ 26,586	$ 39,025	1.49
1996	50,625	4,320	46,305	11,818	27,962	39,780	1.16
1995	47,686	6,194	41,492	8,463	28,101	36,564	1.13
1994	48,187	5,664	42,523	7,385	30,358	37,743	1.13
1993	43,917	4,172	39,745	4,725	29,098	33,823	1.18
1992	41,529	1,770	39,759	4,990	31,783	36,773	1.08
1991	42,140	1,459	40,681	4,610	33,126	37,736	1.08
1990	41,269	991	40,278	4,205	33,166	37,371	1.08

(A) Information not available prior to Fiscal Year 1990.
(B) Includes mortgage payments received.
(C) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Rehabiliation and Home Improvement Revenue Bonds

For the Last Eight Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Direct Operating Expenses (C)	Net Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total Debt Service	Revenue Bond Coverage
1997	$ 5,746	$ 646	$ 5,100	$ 13,061	$ 895	$ 13,956	0.37 (D)
1996	6,654	565	6,089	2,025	1,494	3,519	1.73
1995	6,780	581	6,199	495	1,372	1,867	3.32
1994	10,603	554	10,049	7,035	1,644	8,679	1.16
1993	11,507	716	10,791	8,995	2,012	11,007	0.98
1992	11,666	832	10,834	5,770	2,169	7,939	1.36
1991	9,667	756	8,911	6,450	2,555	9,005	0.99
1990	8,951	561	8,390	6,535	2,528	9,063	0.93

(A) Information not available prior to Fiscal Year 1990.
(B) Includes mortgage payments received.
(C) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.
(D) Includes a scheduled redemption of $4,881,000 of Housing and Rehabilitation Loan Revenue Bonds and $6,025,000 of scheduled redemptions of Home Improvement Revenue Bonds.

SOURCE: Wisconsin Housing and Economic Development Authorit

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Business Development Revenue Bonds

For the Last Eight Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Operating Expenses (C)	Net Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total Debt Service	Revenue Bond Coverage
1997	$ 9,778	$ 190	$ 9,588	$ 6,470	$ 3,200	$ 9,670	0.99
1996	9,769	50	9,719	6,370	3,275	9,645	1.01
1995	9,465	26	9,439	6,310	3,094	9,404	1.00
1994	12,680	24	12,656	9,240	3,385	12,625	1.00
1993	7,375	51	7,324	3,525	3,801	7,326	1.00
1992	6,469	48	6,421	2,860	3,546	6,406	1.00
1991	6,193	46	6,147	2,970	3,168	6,138	1.00
1990	3,170	38	3,132	700	2,392	3,092	1.01

(A) Information not available prior to Fiscal Year 1990.
(B) Includes mortgage payments received.
(C) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

SOURCE: Wisconsin Housing and Economic Development Authorit

Clean Water Fund Bonds

For the Last Six Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Operating Expenses (C)	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1997	$ 41,128	$ 1,491	$ 39,637	$ 13,560	$ 22,692	$ 36,252	1.09
1996	38,100	966	37,134	10,100	17,193	27,293	1.36
1995	31,233	1,582	29,651	8,045	17,632	25,677	1.15
1994	27,770	1,579	26,191	8,455	16,334	24,789	1.06
1993	19,316	1,403	17,913	0	14,672	14,672	1.22
1992	18,853	1,297	17,556	0	14,672	14,672	1.20

(A) Fiscal year 1992 was the first full year of this program.

(B) Includes operating revenue from loan repayment and interest income from Revenue Bonds.

(C) Includes allocated administrative and general costs.

SOURCE: Wisconsin Department of Administration

Local Government Property Insurance Fund
Ten-Year Claims Development Information

Fiscal and Policy Year Ended June 30 (In Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1. Premium and investment revenues:										
Earned	$ 8,184	$ 8,727	$ 9,706	$ 9,204	$ 8,986	$ 9,315	$ 9,665	$ 9,982	$ 10,347	$ 10,633
Ceded	4,143	1,591	1,730	1,816	1,590	1,776	1,789	1,460	1,359	1,678
Net Earned	4,041	7,136	7,976	7,388	7,396	7,539	7,876	8,522	8,988	8,955
2. Unallocated expense	82	95	100	94	72	20	29	19	31	54
3. Estimated incurred claims and allocated expense, end of policy year										
Direct incurred	3,736	3,452	4,094	4,621	4693	6,965	8,055	4,427	9,402	8,431
Ceded	576	318	40	-	664	480	2,300	-	1,600	1,328
Net Incurred	3,160	3,134	4,054	4,621	4,029	6,485	5,755	4,427	7,802	7,103
4. Paid (cumulative) as of:										
End of policy year	2,017	1,810	1,845	2,165	2,189	3,282	2,805	2,489	3,445	4,005
One year later	3,051	2,813	3,875	4,032	3,378	5,957	5,377	4,493	6,956	
Two years later	3,080	2,960	4,024	3,893	3,436	6,236	5,464	4,578		
Three years later	3,165	2,941	4,012	3,898	3,441	6,248	5,771			
Four years later	3,165	2,941	4,012	3,898	3,629	6,248				
Five years later	3,165	2,941	4,012	3,898	3,629					
Six years later	3,165	2,941	4,012	3,898						
Seven years later	3,165	2,941	4,012							
Eight years later	3,165	2,941								
Nine years later	3,165									

The table above illustrates how the Local Government Property Insurance Fund's earned revenues (net of insurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

(1) These lines show the total of each fiscal year's earned contribution revenues and investment revenues, amount of reinsurance premium ceded and net earned revenues.

(2) This line shows each fiscal year's other operating cost of the fund including overhead and claims expense not allocable to individual claims.

(3) This section shows the fund's incurred claims and allocated claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section of 10 rows shows the cumulative amounts paid as of the end of successive years for each policy year.

(Continued)

Local Government Property Insurance Fund
Ten-Year Claims Development Information

Fiscal and Policy Year Ended June 30 (Continued)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
5. Reestimated ceded losses and expenses:	$ 578	$ 554	$ -	$ -	$ 893	$ 542	$ 4,322	$ -	$ 2,144	$ 1,328
6. Reestimated incurred claims and expense:										
End of policy year	3,160	3,134	4,054	4,621	4,029	6,485	5,755	4,427	7,802	7,103
One year later	3,075	2,910	4,009	4,114	3,491	6,230	5,552	4,674	7,095	
Two years later	3,104	3,007	4,024	3,895	3,443	6,246	5,534	4,578		
Three years later	3,165	2,941	4,012	3,898	3,629	6,248	5,771			
Four years later	3,165	2,941	4,012	3,898	3,629	6,248				
Five years later	3,165	2,941	4,012	3,898	3,629					
Six years later	3,165	2,941	4,012	3,898						
Seven years later	3,165	2,941	4,012							
Eight years later	3,165	2,941								
Nine years later	3,165									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	5	(193)	(42)	(723)	(400)	(237)	16	151	(707)	-

(5) This line represents the reestimated losses assumed by reinsurers as of the end of the current fiscal year for each of the policy years presented.

(6) This section of 10 rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimatation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

Health Insurance Risk Pool
Seven-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contributions and investment revenues	$ 70.8	$ 78.0	$ 83.7	$ 69.1	$ 66.2	$ 64.9	$ 59.9
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7
3. Estimated incurred claims as of the end of the policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9
4. Paid (cumulative) as of:							
End of policy year	47.4	54.4	53.3	50.2	50.3	53.6	46.1
One year later	59.2	66.8	65.6	61.0	62.2	64.3	
Two years later	59.2	66.9	65.5	60.7	62.5		
Three years later	59.2	66.9	65.5	60.7			
Four years later	59.2	66.9	65.5				
Five years later	59.2	66.9					
Six years later	59.2						
5. Reestimated incurred claims:							
End of policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9
One year later	59.2	66.8	65.7	60.8	62.2	64.5	
Two years later	59.2	66.9	65.5	60.7	62.5		
Three years later	59.2	66.9	65.5	60.7			
Four years later	59.2	66.9	65.5				
Five years later	59.2	66.9					
Six years later	59.2						
6. Increase (decrease) in estimated incurred claims from end of policy year	0.7	0.1	0.2	0.6	0.9	(1.3)	0.0

The table above illustrates how the Health Insurance Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last seven years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.
(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Income Continuation Insurance Risk Pool
Seven-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contributions and investment revenues	$ 0.7	$ 10.5	$ 5.8	$ 9.3	$ 0.1	$ 11.8	$ 11.4
2. Unallocated expenses	0.3	0.5	0.5	0.6	0.7	0.8	0.9
3. Estimated incurred claims as of the end of the policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7
4. Paid (cumulative) as of:							
End of policy year	1.6	1.8	2.0	2.2	2.0	2.7	2.4
One year later	3.4	3.7	4.0	4.2	3.9	5.1	
Two years later	4.1	4.3	4.6	4.6	4.5		
Three years later	4.4	4.7	5.0	4.9			
Four years later	4.7	5.0	5.3				
Five years later	5.0	5.3					
Six years later	5.2						
5. Reestimated incurred claims:							
End of policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7
One year later	8.8	9.6	9.6	11.5	10.9	12.8	
Two years later	8.0	8.1	9.1	8.1	8.8		
Three years later	7.6	7.6	8.2	7.2			
Four years later	7.4	7.3	7.9				
Five years later	7.4	7.4					
Six years later	7.4						
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.0)	(6.1)	(5.6)	(9.1)	(8.5)	(6.6)	0.0

The table above illustrates how the Income Continuation Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last seven years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.
(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Duty Disability Insurance Risk Pool
Seven-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contributions and investment revenues	$ 9.1	$ 10.7	$ 12.0	$ 14.3	$ 16.2	$ 22.0	$ 23.7
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4
3. Estimated incurred claims as of the end of the policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5
4. Paid (cumulative) as of:							
End of policy year	0.3	0.3	0.4	0.1	0.0	0.0	0.1
One year later	1.1	1.1	1.3	0.6	0.4	1.1	
Two years later	1.8	2.0	2.6	1.5	1.4		
Three years later	2.6	3.0	3.9	2.1			
Four years later	3.5	4.1	4.9				
Five years later	4.4	5.0					
Six years later	5.2						
5. Reestimated incurred claims:							
End of policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5
One year later	9.8	11.0	16.5	10.2	6.1	8.8	
Two years later	11.1	14.0	18.4	12.6	10.2		
Three years later	13.4	15.4	20.6	16.2			
Four years later	14.3	16.8	22.9				
Five years later	15.6	18.7					
Six years later	18.0						
6. Increase (decrease) in estimated incurred claims from end of policy year	(3.2)	12.6	14.5	9.2	5.1	4.0	0.0

The table above illustrates how the Duty Disability Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last seven years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.
(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Long Term Disability Insurance Risk Pool
Five-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1992	1993	1994	1995	1996
1. Net earned required contributions and investment revenues	$ 6.3	$ 36.1	$ 30.8	$ 47.8	$ 36.1
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2
3. Estimated incurred claims as of the end of the policy year	0.0	1.8	3.3	5.4	4.5
4. Paid (cumulative) as of:					
End of policy year	0.0	0.1	0.0	0.1	0.1
One year later	0.0	0.3	0.4	0.5	
Two years later	0.1	0.4	0.8		
Three years later	0.1	0.6			
Four years later	0.1				
5. Reestimated incurred claims:					
End of policy year	0.0	1.8	3.3	5.4	4.5
One year later	0.2	1.2	2.5	3.4	
Two years later	0.2	1.5	3.2		
Three years later	0.2	1.7			
Four years later	0.2				
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	(0.1)	(0.1)	(2.0)	0.0

The table above illustrates how the Long Term Disability Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last five years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.
(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The Long Term Disability Fund was initiated in 1992.

State of Wisconsin

Bank Deposits

For the Last Ten Fiscal Years (In Thousands)

Year	State Chartered Banks	Nationally Chartered Banks	State Chartered Savings And Loans
1997	$ 37,949,640	$ 13,640,277	$ 9,334,442 (A)
1996	30,807,941	17,113,236	8,651,268
1995	26,363,116	19,235,764	8,557,009
1994	24,291,519	18,504,710	7,926,833
1993	23,996,285	18,244,506	8,318,416
1992	23,521,000	17,318,000	8,126,329
1991	23,586,124	19,513,000	8,705,007
1990	22,451,000	15,165,000	10,643,384
1989	21,644,000	13,724,000	11,310,468
1988	21,107,000	13,046,000	14,422,898

(A) 1993-1997 include Savings Banks

SOURCES: Wisconsin Department of Financial Institutions

State of Wisconsin

Unemployment Data

For the Last Ten Years

Year	Population (Thousands)	Unemployment Rate	
		Wisconsin	U.S.
1996	5,160	3.5	5.4
1995	5,123	3.7	5.6
1994	5,082	4.7	6.1
1993	5,038	4.7	6.8
1992	5,007	5.0	7.4
1991	4,955	4.9	6.6
1990	4,892	4.3	5.5
1989	4,867	4.4	5.3
1988	4,832	4.3	5.5
1987	4,785	6.1	6.2

SOURCES: U.S. Department of Commerce, Bureau of the Census
Wisconsin Department of Workforce Development
1997 data is not available.

State of Wisconsin

Personal Income

For the Last Ten Years

Calendar Year	Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1996	$ 120,325	5.0	$ 23,320	95.5
1995	114,628	6.4	22,379	95.8
1994	107,749	5.7	21,192	95.5
1993	101,931	4.9	20,203	94.6
1992	97,168	7.2	19,449	94.3
1991	90,625	4.3	18,315	93.0
1990	86,870	6.2	17,721	92.3
1989	81,800	7.2	16,843	92.7
1988	76,327	6.1	15,828	92.8
1987	71,955	5.4	15,060	94.2

Information for 1997 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

State of Wisconsin

Disposable Personal Income

For the Last Ten Years

Calendar Year	Disposable Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1996	$ 102,442	4.0	$ 19,854	94.2
1995	98,488	6.4	19,228	94.6
1994	92,591	4.7	18,211	94.1
1993	88,435	5.2	17,528	93.8
1992	84,084	7.3	16,830	93.1
1991	78,354	4.4	15,835	92.0
1990	75,023	6.3	15,304	91.7
1989	70,589	6.6	14,535	92.2
1988	66,245	5.8	13,737	92.3
1987	62,623	4.6	13,107	94.5

Information for 1997 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

Kindergarten through Grade 12
Enrollment Statistics

For the Last Ten Years

Year	Public	Private	Total
1997	859,469	138,658	998,127
1996	852,130	137,212	989,342
1995	860,686	148,002	1,008,688
1994	844,001	149,782	993,783
1993	829,415	146,807	976,222
1992	814,671	145,327	959,998
1991	797,621	144,215	941,836
1990	782,905	142,729	925,634
1989	770,397	135,156	905,553
1988	763,555	137,443	900,998

SOURCE: Wisconsin Department of Public Instruction, Division for Management and Budget, Educational Information Services

State of Wisconsin's Largest Employers (Over 1000 Employes)

Rank	Employer Name	Type of Industry
1	Wal Mart Stores Inc	General Merchandise Stores
2	Shopko Stores Inc	General Merchandise Stores
3	Kohler Co	Fabricated Metal Products
4	General Motors Corporation	Transportation Equipment
5	Allen-Bradley Co Inc	Electronic and Other Electric Equipment
6	Quad/Graphics Inc	Printing and Publishing
7	Kimberly-Clark Corp	Paper and Allied Products
8	K Mart Corporation	General Merchandise Stores
9	J C Penney Co Inc	General Merchandise Stores
10	Fleming Companies Inc	Groceries and Related Products
11	United Way of Greater Milwaukee Inc	Charitable Contributions
12	United Parcel Services Inc	Trucking And Warehousing
13	Consolidated Papers Inc	Paper and Allied Products
14	Land's End Inc	Catalog and Mail Order Houses
15	Dayton Hudson Corp	General Merchandise Stores
16	Beverly Health & Rehabilitation	Health Services
17	Wisconsin Bell Inc	Communications
18	Wisconsin Electric Power Co	Electric, Gas and Sanitary Services
19	St Luke's Medical Center Inc	Medical Care
20	Walgreen Co Illinois	Pharmaceutical Stores
21	Brunswick Corp	Industrial Machinery and Equipment
22	Kraft Foods Inc	Packaged Foods
23	The Copps Corp	Groceries and Related Products
24	General Electric Co	Instruments and Related Products (Mfg)
25	Carson Pirie Scott & Co	General Merchandise Stores

Note: Employe data as of March 1996
Employe data for 1997 is not yet available.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Employment Trends in Wisconsin

For the Last Ten Years (In Thousands)

Year (A)	Civilian Labor Force (B)	Unemployment	Percent of Work Force (C)	Total Employment (D)	Nonfarm Wage and Salary Employment	Manufacturing (E)
1996	2,917.6	103.0	3.5	2,814.6	2,601.6	601.2
1995	2,850.6	105.6	3.7	2,744.9	2,558.5	601.6
1994	2,798.6	132.0	4.7	2,666.6	2,490.8	583.9
1993	2,727.5	129.5	4.7	2,589.0	2,412.7	561.8
1992	2,675.6	138.1	5.2	2,537.5	2,357.9	549.6
1991	2,595.3	141.8	5.5	2,453.6	2,302.0	546.2
1990	2,581.1	114.5	4.4	2,466.6	2,291.5	558.6
1989	2,611.0	114.0	4.4	2,497.0	2,236.4	558.5
1988	2,571.0	110.0	4.3	2,461.0	2,168.5	551.5
1987	2,494.0	152.0	6.1	2,342.0	2,089.6	528.7

(A) All data are estimates which are revised monthly and annually. Data may not be strictly comparable for various years due to changes in categories. Calendar year information for 1997 is not yet available.

(B) The civilian labor force includes both the employed and unemployed, age 16 and over, excluding current military personnel and institutionalized individuals.

(C) Percentages are not seasonally adjusted.

(D) Includes workers involved in labor disputes.

(E) Unadjusted total.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Estimated Production Workers in Manfacturing - Hours and Earnings Annual Average

	Wisconsin			United States		
	1986	1996	Percentage Change	1986	1996	Percentage Change
Weekly Earnings	$ 427.46	$ 554.51	29.7 %	$ 396.01	$ 531.65	34.3 %
Weekly Hours	41.3	42.2	2.2	40.7	41.6	2.2
Hourly Earnings	$ 10.35	$ 13.14	27.0	$ 9.73	$ 12.78	31.3
Number of Workers (000)	357	438	22.7	12,864	12,626	(1.9)

SOURCE: Wisconsin Department of Workforce Development

Annual average for 1997 is not yet available.

State of Wisconsin

Estimated Employes in Wisconsin on Nonagricultural Payrolls (A), 1996

	Wisconsin		United States	
	(Thousands)	Percent	(Thousands)	Percent
Mining	2.5	0.1%	570.0	0.5%
Contract Construction	105.3	4.1	5,407.0	4.5
Manufacturing	601.2	23.1	18,282.0	15.3
Transportation and Public Utilities	120.7	4.6	6,316.0	5.3
Wholesale Trade	129.0	5.0	6,587.0	5.5
Retail Trade	466.2	17.9	21,597.0	18.1
Finance, Insurance and Real Estate	138.3	5.3	6,977.0	5.8
Miscellaneous Services	655.4	25.2	34,359.0	28.7
Government	383.2	14.7	19,461.0	16.3
Total	2,601.8	100.0	119,556.0	100.0

(A) Not seasonally adjusted. Calendar year information for 1997 is not yet available.

Note: This table excludes agriculture, forestry and fisheries employes. (In 1990 this group accounted for 4.6% of all employed persons in Wisconsin and for 2.7% in total United States.)

SOURCES: Wisconsin Department of Workforce Development
U.S. Department of Labor, Bureau of Labor Statistics

State of Wisconsin

Total New Housing Units Authorized in Permit-Issuing Places

For the Last Ten Years

Calendar Year	Wisconsin	Percent Change	
		Wisconsin	U.S.
1996	33,296	2.8	7.0
1995	32,403	(6.4)	(2.8)
1994	34,619	7.8	14.4
1993	32,114	3.6	9.5
1992	30,995	23.4	15.4
1991	25,122	(7.9)	(14.6)
1990	27,282	1.4	(17.0)
1989	26,914	11.6	(8.1)
1988	24,122	0.2	(5.2)
1987	24,064	10.3	(13.3)
1986	21,824	8.3	2.1

Information for 1997 is not yet available.

SOURCE: U.S. Bureau of the Census, "Construction Reports C40 Housing Authorized by Building Permits and Public Contracts"

How Wisconsin Ranks Among the States In Agriculture, 1996

Commodity	Rank Among States		Units	Wisconsin 1996 Production (In Thousands)	Percent of U.S. Production	U.S. 1996 Production (In Thousands)	Leading State
Cash Receipts (A)							
All Commodities	10		Dollars	6,025,582	3.0	198,392,404	California
Livestock and livestock products	7		Dollars	4,247,424	4.7	90,473,951	Texas
Crops	21		Dollars	1,778,158	1.6	107,918,453	California
Dairy							
Milk Production	2		Lbs.	22,376,000	14.5	154,268,000	California
Butter	2		Lbs.	294,956	25.1	1,174,475	California
Total Cheese	1		Lbs.	2,095,946	29.0	7,217,544	Wisconsin
American	1		Lbs.	965,053	29.4	3,280,799	Wisconsin
Swiss	4		Lbs.	34,280	15.6	219,047	Ohio
Muenster	1		Lbs.	57,631	54.0	106,815	Wisconsin
Brick	1		Lbs.	6,597	62.0	10,647	Wisconsin
Italian	1		Lbs.	839,464	29.8	2,812,397	Wisconsin
Cottage Cheese							
4% or more milkfa	10		Lbs.	13,260	3.7	360,413	New York
Less than 4% milkfa	6		Lbs.	16,466	5.0	329,890	New York
Condensed Milk, bulk							
Sweetened, whole	1		Lbs.	66,384	57.8	114,933	Wisconsin
Dry Products							
Nonfat dry milk for human use	8		Lbs.	34,412	3.2	1,061,771	California
Whey products							
Dry whey	1		Lbs.	354,382	31.7	1,116,514	Wisconsin
Lactose	2		Lbs.	100,440	25.2	398,788	Minnesota
Livestock							
All cattle and calves (B)	9		Head	3,700	3.7	101,209	Texas
Milk cows (B)	1		Head	1,410	15.2	9,281	Wisconsin
Hogs and pigs, all (C)	15	(E)	Head	800	1.4	56,171	Iowa
Trout	10		Lbs.	597	1.0	57,371	Idaho
Mink pelts (D)	1		Pelts	676	25.1	2,692	Wisconsin
Crops							
Corn for silage	1		Tons	11,245	13.5	83,094	Wisconsin
Oats	3		Bushels	17,400	11.2	155,225	South Dakota
All Hay (dry only)	7		Tons	6,050	4.0	149,457	South Dakota
Potatoes, al	5		Cwt.	31,590	6.4	497,119	Idaho
Maple syrup	4		Gals.	110	7.0	1,567	Vermont
Cranberries	1		Bbl.	1,860	40.3	4,617	Wisconsin
Mint for oil	5		Lbs.	413	3.6	11,574	Washington
Carrots	3		Tons	71.5	12.6	566.6	Washington
Beets for canning	1		Tons	51.5	40.9	125.9	Wisconsin
Cabbage for fresh marke	6		Cwt.	1,128	4.6	24,299	New York
Cabbage for krau	1		Tons	63.0	44.4	141.9	Wisconsin
Sweet corn for processing	2		Tons	701.2	21.3	3,296.3	Minnesota
Green peas for processing	2		Tons	88.1	21.3	413.8	Minnesota
Snap beans for processing	1		Tons	231.8	30.5	760.2	Wisconsin
Cucumbers for pickles	7		Tons	24.1	4.2	575.7	Michigan

Information for 1997 is not yet available except where note

(A) Cash Receipts, ERS, USDA
(B) January 1, 1997 inventory
(C) December 1, 1996 inventory
(D) 1995 production
(E) Tied with Georgia

SOURCE: Wisconsin Deparment of Agriculture, Agricultural Statistics Servic

Miscellaneous Data

Date Wisconsin Became Part of United States	1783
Inception as a State (30th State)	1848
Form of Government	Legislative-Executive-Judicial
Capitol	Madison
State Symbols	
Flower	Wood Violet
Tree	Sugar Maple
Wildlife Animal	White-tailed Deer
Animal	Badger
Fish	Muskellunge
Bird	Robin
Total Area	35.8 Million Acres
Land Area	34.7 Million Acres
Water Area	1.1 Million Acres
Miles of State Highways	11,813 Miles
Higher Education (Students)	
University of Wisconsin System	149,330
University of Wisconsin Extension	267,782
Private	51,908
Vocational/Technical Colleges	431,405
Recreation	
Number of State Parks	42
Area of State Parks	63,600 Acres
Number of State Forests	10
Area of State Forests	491,980 Acres
Number of State Trails	13
Area of State Trails	10,169 Acres
Number of Historical Markers	315
Number of Historic Sites	7
Number of Recreational Areas	4
Area of Recreational Areas	8,577 Acres
Permanent Classified State Employes	37,466

SOURCE: Wisconsin Blue Book, 1997-98

Acknowledgments

The Comprehensive Annual Financial Report was prepared by the Department of Administration, Division of Executive Budget and Finance, State Controller's Office, Financial Reporting Section:

Marilyn T. Klement, CPA
George Kiehl
Laurie M. Lemke
Man M. Le
Mary E. Sommerfeld, CPA
Denise M. Cody

Special acknowledgment goes to:

Staff of the Auditing Section and Accounting Section of the State Controller's Office, who assisted with the preparation of the report.

All fiscal and accounting personnel throughout Wisconsin State government, along with Legislative Audit Bureau staff, whose dedicated efforts and cooperation contributed to the compilation of financial information that appears in the report.

Tami Rogers, State Controller's Office, who provided word processing services.